
**AUSTRACLEAR
NEW ZEALAND**

OPERATING GUIDELINES

15 January 2008

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1. INTRODUCTION

These guidelines have been introduced to specify those aspects of the Austraclear Rules which can be varied from time to time by the System Operator. In particular the Guidelines set out the day to day Austraclear System operating times and processes which we follow and which we require members to observe in order to meet the quality and timeliness objectives set by ourselves and our members.

1.1 Definition of Terms

AIL	Approved Issuer Levy - Issuers apply to have the Approved Issuer Levy attached to their issuances of security. The New Zealand Government pays the 2% levy in respect of taxable income earned by non-residents on government securities.
Authorised Signatories	Means a document in the form prescribed by the System Operator, and lodged with the System Operator by a Member.
Branch Account	Means an Austraclear System account opened by the System Operator in respect of a Member for use in accordance with the Austraclear Rules.
Business Day	Means a day (not being a Saturday or Sunday) on which Banks are open for business in either Auckland or Wellington.
Cash Account	An account recorded in the Austraclear System in respect of a Member, which records all settled Cash Elements of Transactions of that member.
CET	Central European Time, including Central European Daylight Saving Time.
CLS	Continuous Linked Settlement is a global initiative to reduce foreign exchange settlement risk by settling both legs of a foreign exchange transaction simultaneously.
Corporate Action	Means any action taken or notice given by or on behalf of the Issuer of any Security (for example, but without limitation, a Corporate Action may arise in respect of a dividend, interest payment, rights issue, bonus shares, take-over or voting right).
Depository	For the purpose of these guidelines means NZCSD the system depository account.
EOD	Austraclear End of Day, in relation to the operations of the Austraclear System means the time set out in <i>Section 2</i> of this document. These times may be extended by the System Operator who will notify Members through the System or by such other means as the System Operator may decide.
ESAS	Exchange Settlement Account System is the RTGS system, owned and operated by the RBNZ which provides the functionality to enable real time settlement and irrevocability of payments through Settlement Accounts held with the RBNZ. <i>See RTGS.</i>
FINEWISS	Means “fixed interest new issue”. Registered certificates of deposit issued by Members pursuant to having a “FINEWISS” agreement with the System operator.
FMOA	The Financial Markets Operations Association is a group of representatives from different operational areas of the financial market sector.
HTTPS	HTTPS (Hypertext Transfer Protocol over Secure Socket Layer, or HTTP over SSL) is a Web protocol built into its browser that encrypts and decrypts user page requests as well as the pages that are returned by the Web server.
IEOD	Interim End of Day – Cash Close at 4:45pm for all ACLR Transactions, <i>subject to section 3.3 & 3.4.</i>
Issuer	Means the company or organisation that has allocated a security for trading in the market.

Lodge	Means the transfer of a Security into the name of the Depository, or the simultaneous creation and registration of a FINEWISS Security, or such other process by which a Security is treated as Lodged and able to be dealt with through the Austraclear System <i>as described in Section 7</i> ; and references to "Lodging", "Lodgement" and the like shall have corresponding meanings.
Maturity	Means the due date for repayment of a debt Security or the redemption or repurchase by the Issuer of any Security; and "Matured" and "Maturity Date" shall have corresponding meanings.
Member	Means any person, firm or corporation which has been accepted under the Rules as a Member of the Austraclear System.
NZCSD	New Zealand Central Securities Depository.
NZD	New Zealand Dollar.
NZX	New Zealand Exchange.
RTGS	Real Time Gross Settlement – finality of intraday fund transfers continuously and in real-time on a gross settlement basis.
Security	Means a security as defined in Section 2 of the Securities Act 1978 of a type which is acceptable to the System Operator for Lodgement into the Austraclear System; and "Securities" shall be interpreted accordingly.
Security Account	Means the account kept for the relevant Member by the System Operator to record Securities in the Austraclear System held on behalf of that Member.
TeNZ	is a "securitisation" of the NZX top ten indexes.
Trade	Means any dealing between Members which has been reported to and recorded by the System Operator.
Uplift	Means the transfer (removal) of a Security from the Austraclear System; references to "Uplifted", "Uplifting" and the like shall have a corresponding meaning <i>as described in Section 7</i> .

1.2 Overview

The Guidelines set out the Austraclear administrative and operating processes

For each service, there is a description of the timeliness and quality of the services we seek to provide and, where appropriate, the timeliness and procedures members should follow to ensure the service can be delivered on time without error. We would appreciate members being familiar with the times and procedures set out in the respective sections of these Guidelines.

If a member wishes to comment or raise an issue with respect to any part of these Guidelines, we would be happy to hear from you. Please contact Adrienne Barlow +64 4 471 3629 or email Adrienne.barlow@rbnz.govt.nz.

1.3 Best Practice

As operators of the Austraclear System we fully endorse the best practice guidelines developed from time to time by the Financial Markets Operations Association (FMOA). A copy of these guidelines is attached as Appendix 1.

We strongly endorse these guidelines and wish to encourage their acceptance and adherence by all members of the Austraclear System. Accordingly, the times as specified in the attached document should be adhered to by all participants.

2 HELP DESK ARRANGEMENTS

Problems

Any questions about ESAS and/or Austraclear should be addressed to the RTGS Help Desk on +64 4 471 3918 or via email to rtgshelpdesk@rbnz.govt.nz

The RTGS Help Desk Core Business Hours support is between the hours of 7:30am until half hour after cash close (ie; 5:15pm if no extensions granted)

The following additional hours are to support ESAS and CLS participants:

<i>First Sunday April to last Sunday September</i>	<i>07:30am – 20:30pm</i>
<i>Last Sunday September to last Sunday October</i>	<i>07:30am – 21:30pm</i>
<i>Last Sunday October to last Sunday March</i>	<i>07:30am – 22:30pm</i>
<i>Last Sunday March to first Sunday April</i>	<i>07:30am – 21:30pm</i>

3 HOURS OF OPERATION

3.1 Overview

The System operates for 23.5 hours 5 business days per week and has five specific operating periods.

The timetable below identifies the times the System is usually available and when specific functions are available for members. We have also identified in subsequent sections under what conditions the operating hours could change and how members would be notified in such circumstances.

Operating Hours	Time	System Availability
Normal Business Hours <i>Refer 3.3</i>	9.00am - 4.45pm	Available to all members, for all transactions.
Cash Cut-Off Processing <i>Refer 3.4</i>	4.45pm – 5.00pm	Only Austraclear transactions in the ESAS queue prior to 4.45pm can be processed. From 5:00pm ESAS Account Holders can continue to process until 8:30am the following business day for current day value.
Austraclear Enquiries <i>Refer 3.5</i>	5:00pm – 8:30am	All Austraclear members can enquire on system, settle transactions with no cash element and input future dated transactions.
CLS Transactions <i>Refer 3.6</i>	5:00pm – 10:30pm	Only CLS participants may transact. Support for CLS is set at CET times and Daylight Savings is factored (<i>see section 2 – Help Desk Arrangements</i>).
Austraclear/ESAS End of Day & Start of Day processing <i>Refer 3.7</i>	8.30am – 9.00am	System is unavailable to all members. Overnight batch processes run.

3.2 *Start of Day*

Start of Day (member access) is scheduled for 9.00am, at which time the system will be open to all Members to enter transactions. In the rare event that an extension is given to the final end of day, or technical problems occur during final end of day processing, the start of day may be delayed. In this event, if the delay is expected to be significant, we will advise members of the delay by email and ESAS/Austraclear Broadcasting Messaging System.

3.3 *Normal Business Hours*

The System will normally be open to all members between the hours of 9.00am and 4:45pm for all transactions.

All System functions will be available to Austraclear members but the system will stop accepting transactions with a cash element for same day processing. All transactions for settlement during the current ESAS day with a cash element which have status "PENDCLT", but have not passed the Austraclear Cash Limits test will be cancelled - such transactions will be given the status code CANCL IEOD.

A 15 minute 'cash cut-off window' allows transactions entered before 4.45pm which have passed the limits test, but which await processing in ESAS to complete settlement¹. At the end of the 15 minutes², all outstanding unsettled Austraclear transactions in ESAS will be cancelled - such transactions will be given the status code CANCL IEOD.

3.4 *Extensions to 4.45pm Cash cut-off time*

The System Operator may use its discretion to extend the 4.45pm cut-off time for cash transactions if there is reason to believe that it is in the interest of the New Zealand financial markets to do so. In such cases, we shall inform members via the ESAS/Austraclear Broadcasting Message System, a pop up screen message will appear for acknowledgement advising that cut-off time has been extended. Furthermore, where the 4.45pm cut-off time is extended the 15 minute cash cut off window will be deferred accordingly. Only in exceptional circumstances would the System Operator consider extending the cut-off times by more than 15 minutes.

If members wish to request an extension to the 4.45pm cut off time, they should ring in the first instance, then fax or scan and email the written request to the RTGS Help Desk at least ten minutes before the cut-off time. If members envisage problems throughout the day that may have any impact on cash cut off/IEOD they should also notify the RTGS Help Desk. (A blank form to request an extension to the 4.45pm cut-off time is provided in Appendix 2). In the event that an extension is undertaken, the close time for the 'cash cut-off window' will also be extended for the same period.

Any subsequent extension requests should be made through the RTGS Help Desk at least five minutes before the revised cut off time.

¹ The 15 minute time frame starts at 4.45pm or later if the cut off time for cash transactions is extended.

² This window closes earlier once there are no unsettled Austraclear transactions in ESAS.

3.5 Enquires

All members can enquire on their transactions, portfolio details, archived information and static data.

Fixed Interest transactions with no cash element can be transferred to another Austraclear member with same day value until 8:30am the following day.

Future dated Fixed Interest and Cash transactions can be loaded until 8:30am the following day.

Future dated Equity Transactions can be loaded until 7:00pm

3.6 CLS Transactions

ESAS Accountholders that provide NZD nostro services to Settlement Members of CLS. CLS provides its members with a continuous linked settlement service for the settlement of instructions relating to multiple currencies arising from foreign exchange transactions.

3.7 End of Day

End of Day is scheduled for 8.30am. At this time System access will close to all members and end of day processing commences. All unsettled transactions for value the current ESAS day will remain unsettled and their status will remain unchanged within the System. While the Reserve Bank retains the capacity to extend the final end of day for ESAS, this would delay the start of “next” day’s processing. *If an ESAS Account Holder wishes to request an extension to final end of day they should ring the RTGS Help Desk, +64 4 471 3918 at least 15 minutes prior to 8:30am.* If there is likely to be a material delay to the start of day the System Operator will advise via email or the ESAS/Austraclear Broadcasting Message System that the cut-off time has been extended. This message requires acknowledgement from the member.

4 TIME STAMP

- The System maintains two time clocks - system time and ESAS date.
- System time is the time/date recorded by the operating System and is New Zealand standard time.
- ESAS date is that date set by the ESAS hours of operation - typically from 9.00am on one business day to 8.30am on the next business day.
- Each System function/transaction is time stamped on input with both System time and ESAS date. This gives a unique time stamp throughout a value day and allows the ESAS day to be extended beyond 24 hours.

For example:

A transaction entered at 4.01pm on 20 August, will be recorded as 4.01pm 20 August, ESAS date 20 August.

A transaction entered 12.30am 21 August, will be recorded as 12.30am 21 August, ESAS date 20 August.

5 TRANSACTION STATUS - AUSTRACLEAR OR ESAS

A transaction has to be authorised (if required), matched and the seller have the security in their portfolio, before it can progress to the debit-cap processor for the cash limit test. Once passing the cash limit test, Austraclear sends a payment request to ESAS for processing.

The transaction will clear in Austraclear providing the purchaser has enough funds and the seller has the security to facilitate settlement. Participating ESAS Account Holders are able to monitor and control the progress of payment requests through ESAS. Members will, therefore, want to be able to identify when transactions have passed the Austraclear cash limits test but are awaiting settlement while the payment request is being processed through ESAS. The table, titled Status Codes for Trades with a Cash Element is contained in the Quick Reference Guide, (refer Appendix 3). This table indicates how members can monitor transaction's progress during settlement.

6 RTGS HELP DESK & ADMINISTRATION

6.1 Overview

The RTGS Help Desk is responsible for:

- Providing Help Desk Support.
- Setting up new members.
- ESAS/Austraclear training.
- Testing of software changes.
- Maintaining the Austraclear database.
- Providing Depository Services.
- Communicating Market Information to members.

Objectives of the RTGS Help Desk are:

- To train, assist and support customers in their use of the ESAS/Austraclear System.
- To administer and develop the ESAS/Austraclear System to meet the users' changing needs.

6.2 New Members – Refer Rules 3, 4 and 5

The following are classifications of membership within the Austraclear System:

1 Full Members

Full Membership allows members to;

- Trade with all members.
- Operate member branches
- Trustees can join Nominated Trust Members.
- Maintain client security sub-accounts.
- Allowed 3 Company Logons to the System³.

³ Additional Company Signons incur a licensing and maintenance fee, fee information available upon request.
Ref #3643320

2 Associate Members

Associate Membership allows less expensive access to the full System functionality subject to the following constraints;

- unable to trade with Associate members
- cannot operate branches, or Nominated Trust Accounts
- unable to operate client sub-accounts
- Allowed 1 Company Logon to the System⁴

3 Nominated Trust Members

A Nominated Trust Member⁵ is operated through a branch relationship to one or more existing members with the following features;

- The Trustee must be a member of the system.
- Trade with all members.
- Cannot operate branches.
- Cannot operate sub-accounts.

6.3 *New Membership Application*

An application pack for each particular member type is available by:

- Calling the RTGS Help Desk on +64 4 471 3918
- Or via our web site <http://www.rbnz.govt.nz/payment/austraclear/>

Each pack describes how to fill in the application forms and what supporting information is required. We advise applicants to fax or scan and email copies of their application for review prior to signing and sending original copies.

We aim to have new members' operative within ten working days from receipt of all correct documentation.

⁴ Additional Company Signons incur a licensing and maintenance fee, fee information available upon request.

⁵ Application for a Nominated Trust Membership must be made by a member who is:
 either a Trustee Company as defined in Section 2 of the Trustee Companies Act, 1967 and which acts as a trustee for the purposes of a deed constituting a trust fund in which units have been or are to be issued to the public;
 or is (or is a wholly-owned subsidiary of) a company authorised by statute to act as a trustee, and is acting as a trustee or representative for the purposes of a deed constituting a trust fund in which it has no material beneficial interest and the management of which is vested in a corporation not directly or indirectly associated with or related to the Member.

6.4 System Access

Members should arrange time with their IT Department for installation and configuration of the ESAS/Austraclear application. The member will be provided with the application software that requires installation on each members PC's.

There are two types of network access that are available to the ESAS/Austraclear Server:

a. Access via the Internet

Users will also need an RSA SecurID Token card to authenticate network access.

b. Access via the Router based fixed lines⁶

Users connecting to the application from a fixed circuit will need a RBNZ configured router located at their premises to access the closed ESAS/Austraclear network environment.

Connectivity requirements have been designed to be least intrusive on the network as possible. Client server communication will be via TCP (Transmission Control Protocol) using the HTTPS protocol. HTTPS is commonly supported by firewalls and other network devices to support World Wide Web traffic.

HTTPS uses SSL to encrypt the data communication between the client and the server. Secure Sockets Layer (SSL) provides end point authentication and communications privacy over a TCP/IP network. The protocol allows client/server applications to communicate in a way designed to prevent eavesdropping, tampering, and message forgery.

6.5 Straight Through Processing (STP)

Two options currently exist within Austraclear that provide members with the ability to implement Straight Through Processing (STP).

Austraclear SWIFT Interface (ASI)

The Austraclear SWIFT Interface (ASI) conforms to ISO15022 standards and is a full application to application interface, allowing members to adopt an exception based processing approach. The ASI allows members to enter Cash transactions, Fixed Interest and Equity Trades automatically into Austraclear via SWIFT messages sent over the SWIFT Network, without a user connecting to an Austraclear terminal.

The Interface provides return confirmation messages advising that an original message has been accepted or rejected by the ASI (Fixed Interest and Equity only), the status of the trade once accepted i.e. either matched or unmatched (Fixed Interest and Equity only) and confirmation of settlement (Fixed Interest, Equity and Cash).

The ASI adheres to all existing Austraclear rules including those surrounding Branch Relationships i.e. the ability to input Fixed Interest, Equity and Cash trades on behalf of another Austraclear member.

⁶ Allow approximately 6 weeks delivery and installation.
Ref #3643320

Host to Host Lite (HTH*Lite)

Host to Host Lite (HTH*Lite) allows members to semi-automate the uploading of trades into Austraclear via a file transfer mechanism. No feedback on successful transfer or trade settlement is returned via this HTH*Lite, however the success of a file transfer can be ascertained via an enquiry function on the Austraclear system.

The member's back office system is responsible for preparing the trades in the correct format and placing them in a file using a predefined naming structure – this will require control preparation of that file and then handling of the file after a send (successful or otherwise).

The HTH*Lite requires a user to logon to an Austraclear terminal to undertake the file transfer.

6.6 Training

Training in the use of ESAS/Austraclear is available to new members, and new employees, upon request. We offer training focused specifically on the following ESAS and Austraclear functions – ESAS, Fixed Interest, Equities, FX Confirmation, Cash and Administration. Could you please indicate which training modules you would like presented. Except in the case of new members, training is charged on a time and cost basis. Members should call the RTGS Help Desk to arrange training sessions.

6.7 Maintenance of Member Details

Members are expected to update the system with changes. Members are able to update the following information via the MEMBER function in Austraclear:

- physical/postal address
- phone/fax
- email
- contact details

Members nominated System Administrator can inactivate and add new users and their details via the USERADD function.

Any changes to the following should be advised to RTGSHelpdesk@rbnz.govt.nz for further requirements

- staff names noted in the application relating to:
 - Settlements Manager
 - billing
 - computer system
 - network
- tax status (in particular if there is a change to their tax status)
- authorised signatories
- company name (accompanied by an authenticated notice of name change)

6.8 Relinquishment of Membership

If you wish to relinquish your membership of the Austraclear system please ring the RTGS Help Desk on +64 4 471 3918. We will advise you of the required process.

7 LODGING AND UPLIFTING SECURITIES FROM NZCSD - REFER RULES 9 AND 14

7.1 Overview

The objective for processing lodges and uplifts⁷ is the transfer of securities to/from NZCSD via various registries in a timely and accurate manner, which contributes to our customer's business and the overall efficiency of the financial sector.

Sections 7.3 and 7.4 describe how to lodge and uplift securities into/from the Austraclear System and the handling of securities transferred through the NZ Exchange FASTER system.

Securities that are transferred on Register at a NZ Registry.

Securities that are transferred via a 'shunt' between an offshore Registry and a NZ Registry.

Member responsibilities:

Members must ensure that the transfer form is completed in full. Registration details must be exactly the same as what they are on the Register. CSN numbers must be stated. Whilst the RTGS Help Desk endeavour a 1 hour turnaround we rely on the information received to be correct prior to being passed onto the Registries. Please contact the RTGS Help Desk if you need assistance with completing a transfer form.

7.2 Fees and Limits

A fee schedule is published on - <http://www.rbnz.govt.nz/payment/austraclear/>.

Unless otherwise arranged, please ensure one uplift/lodge to one transfer form.

⁷ Securities registered with the Reserve Bank's FINEWISS Registry are electronically lodged at creation, and security uplifts are not allowed.

7.3 Lodging & Uplifting Securities

Lodging Securities into Austraclear

- 1 Complete a security transfer form:

from

CURRENT HOLDER (Seller/Transferor)
include CSN details

to

NZCSD (Buyer/Transferee):

New Zealand Central Securities Depository Limited
P O Box 2498
Wellington

Include your Agent Stamp in Transferor/Transferee boxes

- 2 Use function FISERIEQ (Fixed Interest Series Enquiry) or EQUITYQ (Equity Series Enquiry) and search to identify the appropriate series for the security you wish to lodge to Austraclear. Alternatively members can use the Reserve Bank Securities Database located on our web site:

http://www.rbnz.govt.nz/payment/austraclear/austraclear_security_search.html

- 3 Use the function FI or EQ LODGE (Fixed Interest or Equity Lodge) to submit a lodge with the appropriate details.

Write the member mnemonic and the System allocated holding identification number on top of the transfer form.

- 4 Fax or scan and email the transfer to +64 4 471 3712 or to rtgshelpdesk@rbnz.govt.nz by **3:00pm**.

Correctly completed transfer forms (with details matching the register), **received before 3.00pm**, will be processed and the lodges confirmed the same day.

Transfers received after the cut off time will be processed on a “best endeavours” basis only.

Shunt - If the security is held on an offshore register, the lodging member/seller will be required to complete and submit a “shunt” form at the time of processing. This document also has to be delivered to the appropriate registry the next business day.

Original transfer(s) must be sent to the registry where the security is registered within two business days⁸.

EITHER POST TO:

Computershare Registry Service Ltd
Private Bag 92119
Auckland 1020

OR COURIER TO:

Computershare Registry Service Ltd
Level 2
159 Hurstmere Road
Takapuna

POST TO:

Link Market Services
PO Box 91976
Auckland 1307

OR COURIER TO:

Link Market Services
Level 12, 120 Albert Street
Auckland 1307

⁸ For registry details not listed please ring the RTGS Help Desk +64 4 471 3918.
Ref #3643320

Uplifting Securities out of Austraclear

If members require blank transfer forms, please contact the RTGS Help Desk.

- 1 Complete a security transfer form:

from

NZCSD (Buyer/Transferee):

New Zealand Central Securities Depository Limited
P O Box 2498
Wellington

to

**the NEW HOLDER (Buyer/Transferee)
include CSN details**

DO NOT sign the transfer.

- 2 Use function FI or EQ UPLIFT (Fixed Interest Uplift or Equity Uplift) and submit a request to remove the securities from the System.

Write the member mnemonic and the System allocated security holding identification number on the top of the transfer form.

- 3 Fax or scan and email the transfer to +64 4 471 3712 **or** to rtgshelpdesk@rbnz.govt.nz by **4:00pm**. Original transfer(s) are **NOT** required.

Transfers with correct buyer details, which are **received by 4.00pm**, will be processed the same day.

Transfers received after the cut off time will be processed on a “best endeavours” basis only.

7.4 Securities Transferred through the NZ Exchange FASTER System (FSS Participants only)

Lodging Securities

- 1 Process a COT (Client Outward Transfer) on FASTER for the required number of relevant shares to 220001091 CSN (Common Shareholder Number) for New Zealand Central Securities Depository Limited.
- 2 Use function EQ or FI LODGE (Equity or Fixed Interest Lodge) to submit a lodge for the particular shares series to be transferred to us⁹.

All shares transferred via FASTER into New Zealand Central Securities Depository Limited must have the corresponding Austraclear lodge input (EQLODGE/FILODGE) on the same day.

Lodges for same day confirmation have to **be received by the RTGS Help Desk by 3.00pm**. Those received after the cut off time will be processed on a “best endeavours” basis only.

Uplifting Securities

- 1 Use function EQ or FI UPLIFT (Equity or Fixed Interest Uplift) and submit a request to remove the required number of the particular securities from the System. The RTGS Help Desk will action a FASTER transfer to the participant code we have on file for the member requesting the uplift.
- 2 No further action required.

⁹ Use function EQUITYQ/FISERIEQ to look up the Austraclear Series ID..
Ref #3643320

8 APPROVED ISSUER LEVY

8.1 *Government Securities*

Non resident investors in Government Bonds and Treasury Bills who do not hold a New Zealand tax exemption certificate are entitled to have the income from these securities covered by the Approved Issuer Levy regime.

If a member has a tax status of Non Resident, Non Exempt or Resident Non Exempt the System Operator will automatically apply the AIL regime to your New Zealand Government Securities. Members who are Resident Exempt must apply to participate supplying a declaration to the System Operator on or **before 4pm on books close date** – Appendix 5.

AIL is paid by the New Zealand Government in respect of taxable income earned by non-residents, providing the correct procedures have been followed.

The System Operator will process AIL claims for each eligible non resident investor recorded on the system, a schedule of the fees can be found on our web site <http://www.rbnz.govt.nz/payment/austraclear/>.

8.2 *Non Government Securities*

Offshore members who do not hold a New Zealand tax exemption certificate must not hold non-NZ Government securities.

For non NZ Government Securities the Approved Issuer Levy must be paid by the issuer to the Inland Revenue Department. Members holding non-NZ Government securities eligible for AIL must make their own arrangements with the issuer or registry in respect of having their income recognised under the AIL regime.

9 CORPORATE ACTIONS - REFER TO RULE 15

9.1 Overview

In order to provide DVP settlement for equities, a necessary condition is that members' shares are held in New Zealand Central Securities Depository Limited ("NZCSD"), i.e. NZCSD becomes the legal owner of the shares, while members remain the beneficial owners.

As legal owner, NZCSD receives all the benefits of share ownership - it receives dividends, the right to vote, and other company actions.

These benefits are distributed to members in accordance with Rule 15 Corporate Actions.

Corporate Actions - Objectives

To leave beneficial owners of equities in the same position as if they held them in their own name at the registry.

This is to be achieved by:

- Accurate, timely completion of members' instructions.
- Accurate, timely payment of all funds due to beneficial owners.
- Promptly passing on all relevant information received to beneficial owners.

9.2 Information on Corporate Actions Available to Members

NOTESQ Chapter 1

Lists all Corporate Actions having a booksclose/record date within the week. Also includes details of some future dated items like takeovers and calls.

NOTESQ Chapter 2

Contains details of all Annual General Meetings or Extraordinary General Meetings for which we have dispatched proxies.

NOTESQ Chapter 7

Has details of strike prices, exchange rates etc as applied/declared after initial announcements.

NOTESQ Chapter 15

Has a list of all equity issues which can be lodged into the Austraclear System.

NOTESQ Chapter 20

Contains a list of information sent out via the RTGS Help Desk

NOTESQ Chapter 21

Contains a list of information sent out via the Registries

At times chapters may be added/removed accordingly, we recommend that users become familiar with the content in NOTESQ.

Information published in NOTESQ is based on information we receive from external parties, whilst we endeavour to publish the correct information, we do not hold liability for any errors or omissions.

9.3 Dividends

A dividend is a distribution to the shareholders from a company and allocated on a “cents per share” basis. A dividend may have a supplementary dividend and/or a dividend reinvestment plan attached to it. At the discretion of the company, a dividend may have imputation credits and/or foreign dividend withholding payment credits and/or Australian franking credits under the trans-Tasman triangular tax regime. In some cases companies deduct withholding taxes on dividends paid to NZCSD. NZCSD on-pays all dividends it receives to beneficial owners on a pro-rata basis, and members must assess and act upon their own tax obligations in respect of each dividend they receive from NZCSD.

While there is no input required from members for a normal dividend payment, we do require members’ co-operation in compiling details for supplementary dividends, dividend reinvestments and dividend withholding payments as follows.

Supplementary Dividends¹⁰

Members are to use the function EQSUPLAN to enter the number of shares on which they wish to claim the supplementary dividend. **This function has a cut off of 4:00pm on bookclose/record date** – If a Dividend Reinvestment Plan (DRP) is available on the supplementary dividend then the same procedure for DRP on cash applies using the EQSUPLAN function.

Dividend Reinvestment Plan (DRP)¹¹

Members are to use the function EQDVPLAN to enter the number of shares on which they wish to reinvest the proceeds. **This function has a cut off time of 4.00pm on bookclose/record date.**

Withholding Taxes

Withholding taxes may sometimes be deducted by issuers on corporate actions such as dividends or interest. Where net amounts are received NZCSD will pass on these net amounts to beneficial owners on a pro-rata basis, and members must assess and act upon their own tax obligations in respect of each dividend they receive from NZCSD.

¹⁰ You can only claim on partial or all shares that are held in your portfolio in Austraclear as at cut off time on Books Close.

¹¹ You can only claim on partial or all shares that are held in your portfolio in Austraclear as at cut off time on Books Close.

Note

- For the above actions we undertake to submit members' instructions/claims to the respective registry **by 5.00pm on booksclose/record date** - their cut off time for receiving instructions.
- If a member wishes to make a late change (i.e., after 4:00pm) to the amount on which they have claimed supplementary payments or DRP:
 - Notify the RTGS Help Desk immediately via telephone +64 4 471 3918.
 - Members should send signed fax to +64 4 471 3712 or scan and email to RTGSHelpdesk@rbnz.govt.nz with the amendments sought.
 - We will advise what steps should be undertaken.
 - There is a penalty fee for each late claim or change to a claim on the bookclose day. Any related late fee that is incurred from the Registrar will also be on-charged.
 - Where we receive a late claim we shall process this on a best endeavours basis.

9.4 Rights

A rights issue is where a company raises new capital in cash from its existing shareholders. The issue of a rights security requires no input from the member.

To purchase the share entitlement, members must enter the number of rights they wish to take up under the function EQRIGHTS by **4:00pm on the business day prior to application date.**

The System will automatically generate the cash transfers to our account on application date, and record any rights not taken-up. Note: Transactions of rights cannot be processed on application date in system.

Members need to ensure the cash transaction is cleared by **12.00 noon on application date.**

This allows us time to:

- Arrange payments to the company.
- Complete and advise the election notices to the registry **by 5.00pm on application date.**

9.5 Bonus

A company may issue more shares out of the company's reserves to shareholders at no cost. Bonus issue entitlements are calculated in relation to the number of shares held at booksclose/record date.

As a result of rounding details, bonus shares may not be confirmed in the System until the second working day after allocation date. Depending on the security, members may be required to process an EQLODGE instruction.

9.6 Takeovers

Takeovers

A takeover is where a company expands its business by "buying" another company.

When takeover documentation is received in our office we will dispatch to all beneficial owners a copy of the material on the same day if received prior to **3:00pm**, otherwise the following business day. This material should include a copy of the election form provided by the company. Detailed instructions usually accompany this material or follow shortly after.

To accept an offer members must advise us of their acceptance details by signed fax or scanned and emailed, on the election form provided, **no later than 12:00pm on the closing date or as advised by the RTGS Help Desk.**

We will confirm the receipt, and endeavour to forward the details to the registry **by 5.00pm** on the date received so long as it is clear from the respective registry that our acting on behalf of one beneficial owner will not compromise the actions of other beneficial owners.

Once payment has been received, we will fax or scan and email the request to the member concerned to EQUPLIFT the securities to be cancelled. We will then make a CASHP for the takeover proceeds that have been received.

Note: Splits and reconstructions require no member input. But processing in Austraclear may lock the security until allocated.

Special Elections

From time to time Companies offer shareholders special corporate action elections offering access to additional related investments and/or cash payment options. Where special documentation is received we will dispatch to all beneficial owners a copy of the material on the same day **if received prior to 3:00pm**, otherwise the following business day. This material should include a copy of the elections form provided by the company. Detailed instructions will usually accompany this material.

Members must advise their acceptance of any special election option by signed fax or scan and email, the election form provided, **by 12 noon** on any day up to and including the offer expiry date.

We will confirm the receipt, and endeavour to forward the details to the registry **by 5.00pm** on the date received so long as it is clear from the respective registry that our acting on behalf of one beneficial owner will not compromise the actions of other beneficial owners.

If a cash payment is offered as part of the special election once payment has been received, we will make a CASHP to the member concerned with any additional instruction required to effect settlement.

9.7 Proxy Voting

9.7.1 Proxy forms sent to members

Proxy forms are:

either from NZCSD in which case the proxy form will be pre stamped 'Partial Proxy' and be signed by NZCSD's authorised signatories

or direct from Computershare (for NZ companies on the RM system) in which case the proxy will need to be stamped 'Instruction to Proxy' with the stamp provided by NZCSD Limited.

When making a proxy vote in respect of the shares held in New Zealand Central Securities Depository Limited members must in either case:

- 1 Use the proxy appointed by NZCSD "The Chairperson of the Meeting". If a member wishes to appoint a representative to vote at the meeting, the Member must contact NZCSD so that we can seek clearance from the company for NZCSD to appoint a second proxy. (In the event that the company refuses to recognise a second appointed proxy or the representative, then the Member will need to uplift the shares into their own name).

A request for an alternative proxy to attend the meeting made less than 72 hours prior to the meeting will incur a late fee to cover the additional cost of our having to rework and resend documentation to the Chairperson.

- 2 If the total number of shares you own changes subsequent to receiving the proxy form, change the total shares specified on the proxy form and show the effective date for that holding. **Note:** The maximum number of shares to vote on is those held under your name 48 hours before the meeting. This does not include shares purchased but not settled.
- 3 Ensure the proxy form(s) are returned either to the Registry concerned or to the Company - whichever is directed by the proxy form. If you are in doubt, please ring our RTGS Help Desk on +64 4 471 3918. **Do not** return your completed proxy form(s) to us unless otherwise instructed by the RTGS Help Desk.
- 4 Note the cut off times specified on the proxy form and allow time for the proxies to be delivered. Company's auditors strictly apply the cut off time for receiving proxies. Members are responsible to ensure that their proxy forms arrive on time with the respective company secretary¹².

¹² You may find the following tips useful to ensure that your Proxy is accepted on time:

- (a) Ensure the proxy is sent fastpost to expedite its delivery.
- (b) When using couriers to deliver proxies by a deadline, ensure that they undertake to meet that deadline.
- (c) If neither of the above actions are likely to get the proxy to the company on time, we understand that some companies will accept a fax of the completed proxy on the basis that the original will be received by them before the meeting - worth pursuing as a last resort.

- 5 If you lodge shares (which you previously did not hold with NZCSD) after a proxy form has been sent but before the meeting and you wish to vote, you must contact us to arrange for proxy form(s) to be dispatched.

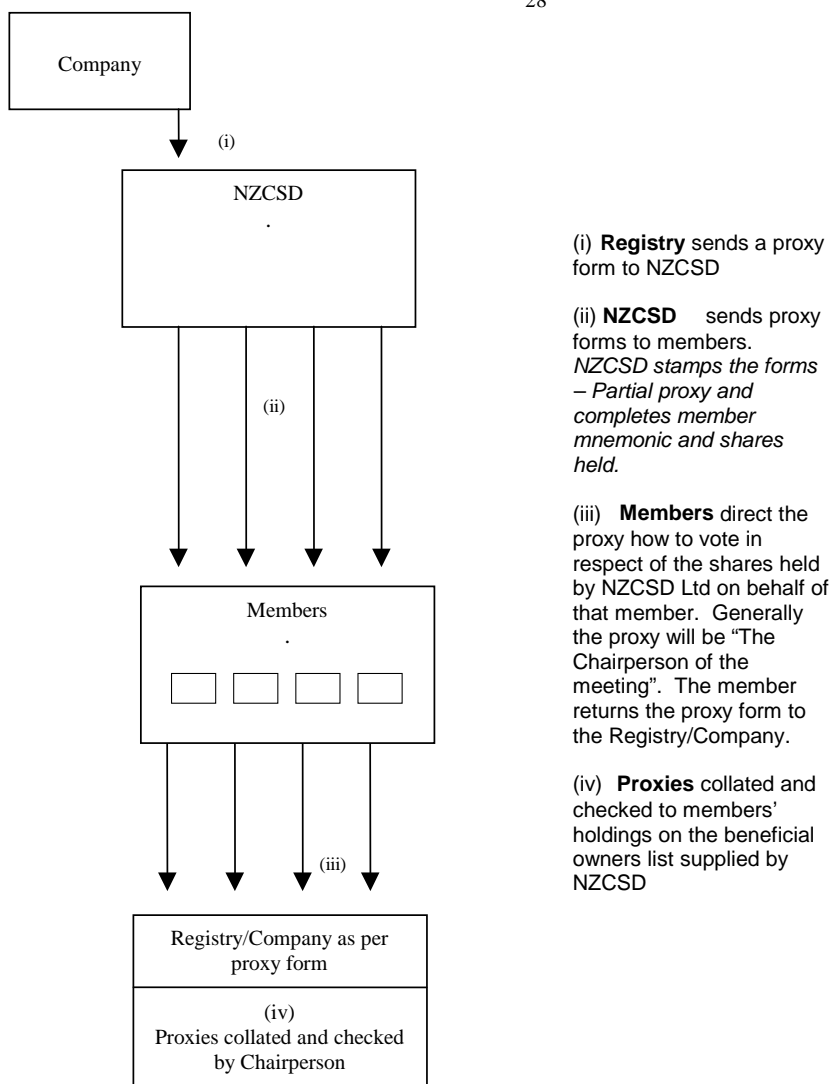
9.7.2 Proxy forms sent by NZCSD to Members (Partial Proxy)

Partial proxy voting forms are sent to Members on the date received by NZCSD, or the next day if the forms are **received after 3.00pm**. Copies for members outside Wellington are sent either by fastpost (within New Zealand) or airpost (to Australia). These forms are recognisable by the NZCSD stamp – Partial Proxy and the two authorised NZCSD signatories.

- Partial Proxy forms (sent by NZCSD) **can only be signed by authorised signatories of New Zealand Central Securities Depository Limited** as the shares are held in that nominee company for any shares in the Austraclear System.
- Photocopies and fax or scan and email of our signatures are deemed acceptable by the companies/registries.
- If you require further copies of proxies with original signatures please ask us.
- Proxy forms (sent direct from the Registry) stamped “Instruction to proxy”, must be completed and signed by the member.

All meetings will be recorded in “NOTESQ” Chapter 2 irrespective of whether the proxy form has been mailed to you by the Registry, Company or ourselves.

The diagram on the following page illustrates the process for partial proxies.



9.7.3 Proxy forms sent by Registry

If the proxy form is sent direct from the Registry, (in this case the form will not have been stamped ‘partial proxy’ nor signed by NZCSD), the member must:

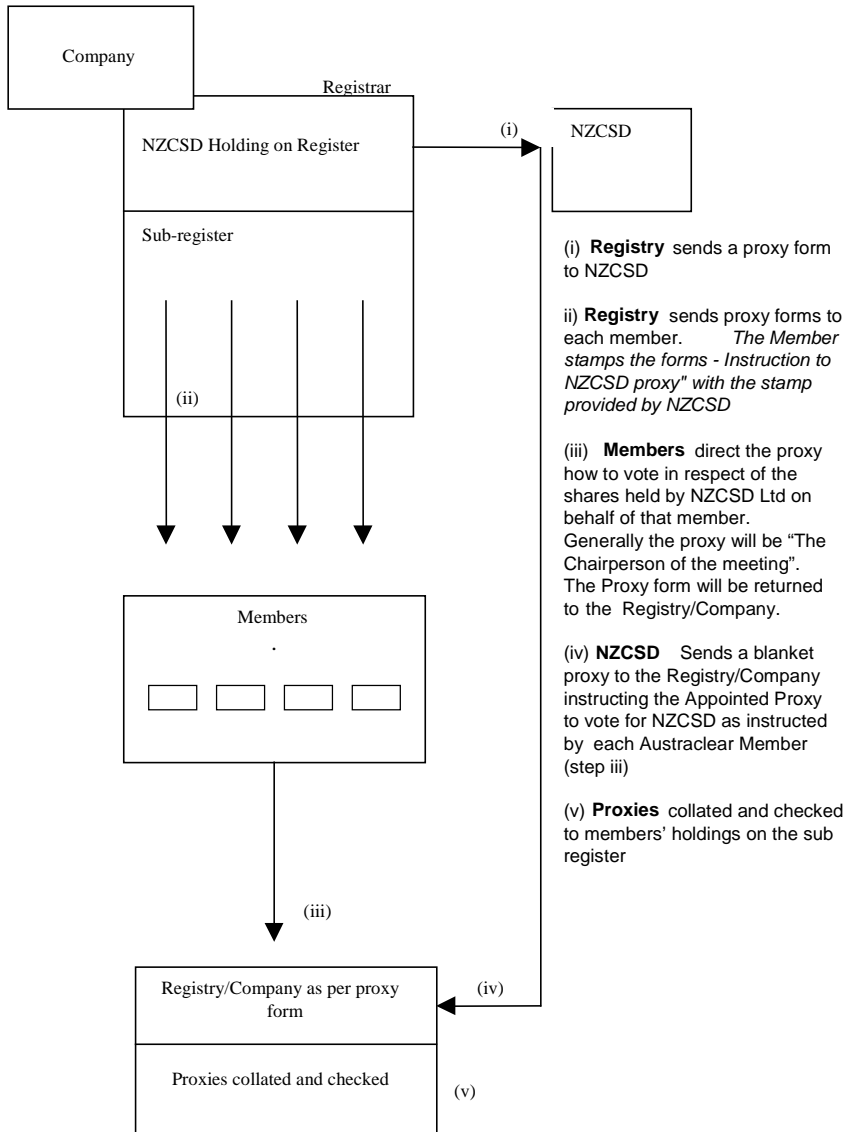
- (i) stamp the proxy ‘Instruction to Proxy’ with the stamp provided by NZCSD, and
- (ii) send the form to the Registry or company as directed, in time to be accepted before the cut off time.

Members will also be responsible for advising NZCSD of changes to their names and mail address for corporate communications, including proxies. (In the case of Nominated Trust Members this address may be that of the fund manager rather than the Trustee). NZCSD will then advise Computershare of any changes to contact details held in the sub-register.

Note:

- (i) NZCSD does not need to sign each proxy (directive). NZCSD will instead send a duly completed proxy/instruction to the Chairperson of the meeting to vote as directed by members on the sub-register.
- (ii) In order to ensure timely receipt of corporate communications, offshore members should appoint and advise the address of a New Zealand agent. Otherwise corporate communications will be sent by mail to overseas members.

The diagram below illustrates the process for members to give an Instruction to the Proxy.



9.8 TeNZ

We incur Registry charges for holding TeNZ. This fee is on-charged to members and is advised to TeNZ holders from time to time. Also we charge a management fee to administer TeNZ related corporate actions undertaken on a member's behalf.

To avoid the corporate action fee, we suggest you either uplift your TeNZ holdings prior to books close and re-lodge them immediately after books close or, alternatively, hold TeNZ on the register in your own name.

10 NEW ISSUES

10.1 Overview

The RTGS Help Desk is responsible for setting up new issues, if the security meets the Austraclear issuing requirements.

The RTGS Help Desk objectives are to provide accurate and timely establishment of new issues and to support the lodgement of those securities into Austraclear as required.

Members can either:

- 1 Fax or scan and email a request to the RTGS Help Desk on the appropriate form; or
- 2 Using the Austraclear function FINEWISS¹³ to create the new issue.

10.2 Fax or scan and emailed Requests

The RTGS Help Desk endeavour to have all requests for new issues confirmed on Austraclear the day they are received.

The member will be notified immediately the new issue has been created and if they wish to trade the security in Austraclear, the security will have to be lodged. We ask members enter the lodge immediately to allow us to complete our processing.

To allow us sufficient time to process new issues the same day, we remind members to advise us **no later than 3.00pm**, beyond that time our staff will process requests on a best endeavours basis in the order they are received.

Note: emailed requests must come from a recognised address.

10.3 FINEWISS

FINEWISS is the on-line Austraclear Registry. Issuers must apply and be approved to use this function and securities are unable to be uplifted from the system.

Approved members can access this function to initiate the new issue of Registered Certificates of Deposit (RCD's) on any day ESAS/Austraclear is open for business. Using this function automatically creates the security and lodges the security into the name of the member, thereby allowing the member to trade the new RCD's on Austraclear within minutes of their creation.

¹³ FINEWISS allows the member to electronically authorise the creation of a new issue on the Register and simultaneously lodge and confirm the new security to the members security account.

11 Business Continuity Arrangements

11.1 Overview

Our business continuity plans revolve around two broad scenarios – a local scenario such as a building outage, and a regional disaster such as a major earthquake or pandemic situation. The key difference between the local and regional disaster scenarios are:

- (i) In a local disabling event we anticipate staff will be available to provide a “close to full service” from either our BCP site, or remotely at any location via a laptop or home office.
- (ii) In a regional disaster scenario we do not anticipate our staff being available to provide normal services. Members would still be able to access the system but would have to operate with the following constraints:
 - The system will be run on normal operating hours – no extensions
 - Members will not be able to Lodge or Uplift securities
 - A minimal Helpdesk service should be available solely to re-set company passwords.

Invoking our BCP arrangements will depend on the event and circumstances.

11.2 Alternating Sites

We regularly alternate our system operation as well as all network connections for ESAS/Austraclear between our Auckland and Wellington sites (with the other site acting as the required back-up at any point in time). Regular switching of the alternative machine sites has allowed us to obtain much higher levels of assurance that both sites would work when required. This process does not involve member participation and is seamless to members. The switch between sites is not visible to our clients and has no impact on the performance of the system.

11.4 Entering Trades on Behalf of a Member

Currently we offer a service whereby we enter trades, at their request on the member’s behalf, this is a best endeavours basis that does not hold the Bank liable for any errors. This service is planned as a last resort for members. We do not expect this service to be relied upon and incorporated into members’ BCP plans. We reserve the right to charge members on a transaction basis for this service - a copy of the request form is provided in Appendix 4.

APPENDIX 1

NEW ZEALAND FIXED INTEREST best practice settlement FMOA GUIDELINES

[Issued by the Financial Markets Operations Association]

(T) Trade Date

(S-1) Settlement Date - 1

11am - NZ Time All outright trades to be entered into Austraclear.

11am - 12pm - NZ Time Problem Resolution Time.

Buyers responsibility to chase up unmatched deals.

12pm - NZ Time All outright trades to be “Matched” in Austraclear.

By ensuring all outright deals are “Matched” in Austraclear on S-1, the time currently spent on these deals on Settlement Date can be better utilised on Repo transactions and Loop resolution. It will also lead to earlier settlement of these outright deals on Settlement Date (Seller Stock Holdings permitting).

(S) Settlement Date

12pm - NZ Time All same day transactions (Repos) input and matched in Austraclear.

Buyer’s responsibility to chase up unmatched deals.

12pm - NZ Time Custodians to have all deals input and “Matched” in Austraclear.

12pm – 4.45pm - NZ Time Loop Resolution Time.

The need to have all Repo transactions input and “Matched” by 12pm is to allow more time to be devoted to Loop Resolution, and also to allow this resolution to begin earlier in the day.

The intention of the above guidelines is to relieve pressure in the Market on Settlement Date by establishing flows of Bonds earlier in the day, thus leading to earlier and easier Loop resolution.

APPENDIX 2

ATTN: The Manager, Payments & Settlement Services
Financial Services Group
Reserve Bank of New Zealand
Wellington

FAX (04) 471 3712
EMAIL RTGSHelpdesk@rbnz.govt.nz

FROM _____

ORGANISATION _____

SUBJECT **REQUEST FOR AUSTRACLEAR CASH CUT-OFF EXTENSION**

DATE _____

Company Name

Company Mnemonic

Reason for Extension

I..... (*name*) authorise the above request to be actioned.

Signed (*Settlements Manager or Authorised Officer*)

APPENDIX 3

QUICK REFERENCE GUIDE

Status Codes For Trades With A Cash Element

Period	Module	Status Code for transactions settling same -day		Report Status code appears in
		Transaction awaiting Austraclear Limit Test ¹⁴	Transaction being processed by ESAS	
Normal Business Hours	CASH	PEND CLT	PEND ESAS	CASHENTQ
	FI	PEND CLT	PEND ESAS	FITRANSQ FIENQ
	EQ	PEND CLT	PEND ESAS	EQTRANSQ EQTRDENQ
	FX	PEND CLT	PEND ESAS	FXSETENQ FXENQ
At debit cap close Cash Cutoff (4.45pm)	CASH	CANCL IEOD	Trades with cash element in ESAS can be processed up to 5.00pm	CASHENTQ
	FI	CANCL IEOD		FITRANSQ FIENQ
	EQ	CANCL IEOD		EQTRANSQ EQTRDENQ
	FX	CANCL IEOD	FXSETENQ FXENQ	
At debit cap close Cash Cutoff (5.00pm)	CASH	All trades with a cash element in Austraclear not cleared at ESAS CANCL IEOD at 5.00pm.	CANCL IEOD	TRANSENQ
	FI		CANCL IEOD	FITRANSQ
	EQ		CANCL IEOD	EQTRANSQ
	FX	CANCL IEOD	FXSETENQ	
At Final End of Day (8.30am)	CASH	All trades retain their end of day status.	All trades retain their end of day status - PEND ESAS.	TRANSENQ
				CASHENTQ
	FI			FITRANSQ
	EQ			EQTRANSQ FXSETENQ

¹⁴ This assumes the transaction has been duly authorised (if necessary) by both parties, matched and the seller of a security has the position in their portfolio and the transaction has passed to Debit Caps or ESAS to facilitate settlement.

APPENDIX 4

REQUEST FOR RBNZ STAFF TO ENTER TRADES ON MEMBERS BEHALF

To: RTGS Helpdesk
 Email - rtgshelpdesk@rbnz.govt.nz
 Fax - +64 4 471 3712

From: **Organisation:** _____

Contact: _____

Telephone No: _____

Fax or scan and email: _____

Email: _____

Reason for Request

--

We request the Reserve Bank of New Zealand access Austraclear and enter the trades listed on the attached schedule on our behalf:

User Logon ID, eg ABCD4001	
Authoriser Logon ID, eg ABCD4002	

We, _____ and _____ agree that (i) the Reserve Bank of New Zealand will enter the trades on our behalf in Austraclear on a best endeavours basis, and that we will not hold the Reserve Bank of New Zealand liable for any errors or omissions, (ii) we are responsible to change our password immediately the Reserve Bank has completed entering trades, (iii) where applicable, we will pay any additional service fees incurred, which is at the discretion of the Reserve Bank of New Zealand.

Signed

Authorised Signatory	
Authorised Signatory	

RBNZ Use

Approved by Team Leader	
Approved by Manager	

Deal #	Type of Transaction FI/EQ/ CASH	Your Mnemonic	Counterparty Mnemonic	Your side: Buy/Sell/ Receive/Pay	Trade Date	Settlement Date	Face Value or Number of Units	Security Desc	Yield, Rate, unit price, N/A	Consideration	Other Instructions
<i>Example</i>	FI	ABCD40	WXYZ90	Sell	05/09/07	07/09/07	1m	NZGS 15/11/11 6.00%	5.00%	\$1,055,885.04	Repurchase Y
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											

APPENDIX 5

APPROVED ISSUER LEVY DECLARATION

Declaration by Austraclear Member of New Zealand Securities on Behalf of the Member or its Clients who are Non Residents to which the Approved Issuer Levy Applies

Non resident Austraclear Members without a New Zealand tax exempt certificate are not allowed to hold New Zealand Government Securities over a books close. You must advise us of your holdings by fax, no later than 4:00pm New Zealand time, on books close. This information is required to ensure that the non resident AIL can be paid by the New Zealand Treasury.

I/We _____

Mnemonic _____

Of _____
(Registered Address)

DECLARE

that the following New Zealand securities are held by us for ourselves or clients who are non resident investors in New Zealand. We would like the income from these securities to be covered by the Approved Issuer Levy regime.

Description of Securities

ISIN			
Name			
Coupon (if any)			
Date of Maturity			
Amount			

(Authorised Signatory)

(Authorised Signatory)

(Date)