

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

Attendees:

Sarah Drennan	ABN Amro (Chair)
Dave Mitchell	Computershare Investor Services Limited (Deputy Chair)
Patti Bow	HSBC Nominees Limited
Roger Bayly	ANZ Nominees Limited
Randy Stack	Westpac Banking Corporation
Miles O'Connor	Citibank

RBNZ:

Mike Wolyncewicz
Adrienne Barlow
Kevin Jamieson
Tanya Harris

Datacom:

Graeme Beasley

APOLOGIES

Rebecca Murphy	RBNZ
Chris Knight	ANZ National Bank Limited
Mark Lawrence	ANZ National Bank Limited

Dave Mitchell chaired the meeting as Sarah Drennan had dialled into the meeting late due to a transport issue.

MINUTES

The minutes of the meeting of 5 November 2008 were accepted.

MATTERS ARISING

One matter still remains outstanding. 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.

RTGS HELP DESK CUSTOMER SURVEY

Mike Wolyncewicz talked to the paper. Participation in the survey was very pleasing with 66 responses received, up from 40. The survey results were very pleasing, continuing the high percentage of members who are satisfied with the service. There had been some movement down from the "excellent" category to "very good". The Bank was very

pleased with the constructive feedback identifying room for improvement in turnaround times for lodges/uplifts and corporate action information. The Bank will have a debrief with the Austraclear team and make sure the feedback is acted on.

Discussion took place on areas for process improvement. For some corporate actions, information is sent directly to members based on a sub-register giving details of members' holdings and addresses. This information will not get through if the postal address is not updated. Adrienne stated that members tend not to update the address field in Austraclear themselves and that her team updated this when advised by members. The Bank will make sure procedures are tightened so that the registries are advised of this at the same time.

Patti Bow asked if members could automatically be advised when an interest rate on a security or other static data changed. Adrienne Barlow will research what options are available in this regard.

REVIEW OF OPERATIONS TO 26 FEBRUARY 2009

Mike Wolyncewicz spoke to the report, in particular highlighting the outages in early November and in late January. The January issue was attributed to problems with memory allocation and fixes have already been promoted to resolve this.

Consultation on proposed changes to the Rules had not yet commenced as the Bank was still in discussions with the Securities Commission concerning proposed rule changes. The proposed changes will be circulated for discussion once the Commission and the Bank had concluded their discussions.

Reductions in market activity has manifested itself in transaction volumes through the system. Volumes for the year to date are down an average of 16% compared to the full year average volume for 2007/8, and revenue is down 10% on budget.

System availability has improved with fewer issues encountered.

PROGRESS AGAINST PLAN FOR 2008/09

RBNZ is still behind plan as resources have been applied to resolving "slow downs" and applying various code changes that do not impact user functionality. The TRANSACT initiative, while running several months behind plan, is now progressing satisfactorily. RBNZ has tested the first deliverable (cash functionality) which has had a pleasingly low defect rate in testing. This has been temporarily backed out of the test environment as various system upgrades are now in test with a view to releasing these to production over the next 3 months.

Development work on the automation of lodges and uplifts will not proceed before we meet the Securities Commission's requirements, which includes proposed Rules changes, in order to obtain approval under the Securities Transfer Act. Discussions with the Commission are underway and progress will be reported to the next meeting.

The Bank has prepared a plan for establishment of an Auckland office, but commencement is still dependent on approval of the business plan.

REVIEW OF DEVELOPMENT WORK

See earlier comments re TRANSACT and delays against the original development schedule. Due to the work on system maintenance and upgrades, the team has refocused its development work and is now concentrating on 4 main development streams of work (TRANSACT, Automation of lodges and Uplifts, Interface to NZX system and Java 1.6).

When asked by Dave Mitchell, Kevin Jamieson confirmed that it is realistic to expect that the development work listed on the schedule could be achieved this calendar year.

INDUSTRY DEVELOPMENTS

The paper was accepted. In short, the Bank had secured NZX's agreement that there would be consultation if the idea to separate entitlements and head shares gains momentum. ANZX and RBNZ have signed off on a specification for an interface between the two systems.

The Select Committee which is considering submissions on the Bill which, when enacted, will introduce a regulatory regime for securities settlement systems.

The Capital Markets Working Group has set up a sub-committee looking at infrastructure issues. This sub-committee is chaired by Grant Spencer, Deputy Governor of the Reserve Bank.

ELECTION OF COMMITTEE MEMBERS

The Committee agreed that the Bank would administer the next election which the Rules require be held before September.

OTHER BUSINESS

Mike Wolyncewicz confirmed that the Bank has set up separate issuer codes in the system in order to distinguish fixed interest issues which are subject to the Crown's wholesale guarantee.

Dave Mitchell pointed out that recent RMBS issues are not consistent with conventions for the New Zealand debt market (eg. standardised books close periods are not observed). Dave undertook to send the guidelines to the Bank and these would be shared with the Bank's front office who would encourage issuers to observe them, and they would also encourage issuers to liaise with registries when designing future issues.

Meeting closed at 10 am

Next meeting Wednesday, 6 May 2009, at 9am.