

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

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**Attendees:**

Sarah Drennan	ABN Amro (Chair)
Dave Mitchell	Computershare Investor Services Limited (Deputy Chair)
Patti Bow	HSBC Nominees Limited
Chris Knight	ANZ National Bank Limited
Mark Lawrence	ANZ Nominees Limited
Miles O'Connor	Citibank

**RBNZ:**

Mike Wolyncewicz  
Adrienne Barlow  
Kevin Jamieson  
Tanya Harris  
Rebecca Murphy

**Datacom:**

Graeme Beasley

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**APOLOGIES**

Randyl Stack                      Westpac Banking Corporation

**MINUTES**

The minutes of the meeting of 5 March 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.

RBNZ will consult with registrars and issuers of RMBS to remind them of key aspects of RMBS issues required to ensure standardization in the market. This consultation has taken place. Will be followed up with written advice.

## **REVIEW OF OPERATIONS TO 30 APRIL 2009**

Mike Wolyncewicz spoke to the report. He noted that the first of three major system changes had been put into production on 25 April. The remaining changes were scheduled to occur over the next few weeks. There has been an improvement in system performance with fewer interruptions.

Consultation on proposed changes to the Rules is still being deferred as the Bank was still in discussions with the Securities Commission concerning proposed rule changes.

Market activity is still relatively subdued. Equity volumes for the year to date (31 March) are down 16% compared to the full year average volume for 2007/8, and revenue is down 11% on budget.

Discussion took place regarding the timing of assignment of ISIN codes and the desirability of setting up securities in the system and advising ISINs as soon as possible. The major reason for delays for FINEWISS issuances appears to be the lag between when front offices notify back offices of the issuance of the new securities. Miles O'Connor confirmed that the same difficulty occurs in the Australian market. Adrienne Barlow agreed to discuss this with the major banks when next visiting them and we would also draw attention to this in our next newsletter.

## **PROGRESS AGAINST PLAN FOR 2008/09**

RBNZ is still behind plan as resources have been applied to testing the upgrades and patches that have started to be applied to production. As a result TRANSACT is still well behind schedule.

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.

The Bank has prepared a plan for establishment of an Auckland office which is scheduled to be operational from 1 July 2010.

## **REVIEW OF DEVELOPMENT WORK**

The paper was noted. This reiterated earlier information regarding 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).

## **INDUSTRY DEVELOPMENTS**

Discussion took place with respect to the NZX announcement that they will to go live with their CCP system on 20 November. In response to a query, the Bank agreed to follow up and clarify with NZX whether or not this included equity settlements. *Post meeting note-NZX has confirmed the CPP will be settling equity transactions from 20 November.* The meeting noted that the new system would alter ex date and record date processing from the current situation to being 3 days apart. Again the meeting felt that this had not been communicated adequately. *Post meeting note- NZX again confirmed that the idea to separate entitlements and head shares has been shelved.*

There was agreement that NZX's communication had been piecemeal and the meeting supported Mike Wolyncewicz's offer to convey this to NZX and request that in the market's best interest communication with all stakeholders be improved.

Mark Lawrence asked for clarification of the meaning of the term "inter-operability" in the context of the interface between the Austraclear and NZX systems. The Bank confirmed that this meant that members of the systems could electronically move securities and cash between the two systems (effectively an on-line lodge and uplift process). It does not mean that there would be screens in one system which would allow transactions to be entered or updated in the other system.

Mark also asked what the Bank's strategy was with respect to the new CCP. Mike Wolyncewicz confirmed that the Bank did not intend to add new products such as derivatives to the Austraclear system.

It was noted that the Bank expects to see completion in July or shortly thereafter of the legislative process for the introduction of a designation regime for securities settlement systems.

## **INITIAL IDEAS FOR THE 2009/10 ANNUAL PLAN**

Mike Wolyncewicz spoke to the paper confirming that the Bank intended to focus on a limited range of important initiatives and that inevitably, the delays to the current year initiatives would mean these projects would carry over to the following year. A major initiative (Settlement Before Interchange) undertaken for the banks would impact significantly on development resources over the next 2 years.

The meeting confirmed they felt the proposed initiatives were appropriate. These will be discussed at the user group meeting on 22 May before the plan is finalised.

## **ELECTION OF COMMITTEE MEMBERS**

The Bank would call for nominations in July. The current Committee should email Mike Wolyncewicz and indicate if they intend being available for the re-election.

## **OTHER BUSINESS**

In response to a question from Sarah Drennan, the Bank confirmed that it had a remote processing strategy if staff needed to work from home. The bank is in the throes of confirming those plans and testing connectivity.

In response to a question from a member, Mike Wolyncewicz asked if it is appropriate for non-elected representatives to participate in the committee's discussions. The Committee felt that this would defeat the purposes of having representatives and an election process. It was important for members to liaise with their representatives. The Committee agreed that it was best that the current processes continue with elected representatives participants and that other members be invited to participate by the Chair if the Committee felt that the matters under discussion required direct involvement.

Meeting closed at 10 am

The Next meeting is scheduled for Wednesday, 9 September 2009, at 9am. The annual report for the system will be discussed then and if there is a need to call a meeting before then, a meeting will be arranged.