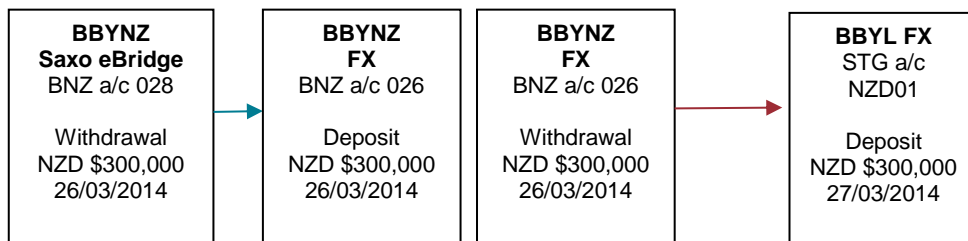


Appendix 11.2 – Analysis of example BNZ transactions

We have investigated the following individual BNZ transactions, which include examples of internal transfers between BNZ bank accounts and international transfers between BBNZ BNZ and BBNZ NZD bank accounts.

Example transaction A – Internal BNZ transfer and international transfer BBNZ to BBNZ transfer: 26 & 27 April 2014

The following transaction was captured within our BNZ transfer matrix and also identified during our international transfer analysis between BNZ and BBNZ NZD bank accounts:



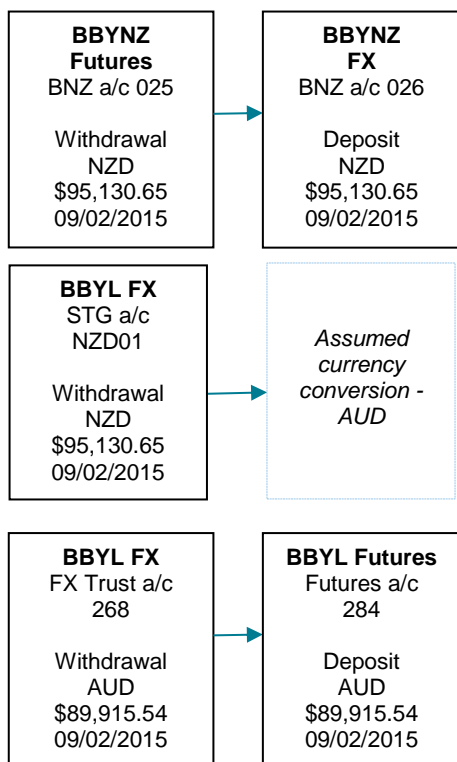
Although this is a round sum value, the bank statement descriptions appear to stipulate where the destination for the funds:

- the bank statement description of the internal BNZ transfer includes “EB FX TRF”; and
- the bank statement description of the withdrawal from the BNZ FX CSA is “204226NZD01 BBNZ SGB”.

Email correspondence that we identified which appears to relate to these transfers also provides information in relation to the chain of transfers (**Exhibit 11.5**). The email correspondence in **Exhibit 11.4** also appears to relate to this transfer. However, neither the bank statement descriptions nor the email correspondence provide sufficient information to allow us to understand the purpose of the transfer or to categorise this transaction as BAU or non-BAU. We note that the reference to “*preparation of [sic] the upcoming cash transfers*” in **Exhibit 11.4** suggests that this transfer may have been made in preparation for the upload of funds to SCMA, which commenced in April 2014.

Example transaction B – Internal BNZ transfer: 9 February 2015 (BAU)

The transfers between BNZ accounts shown below (which all occurred on 9 February 2015) were captured within our BNZ transfer matrix:



We identified email correspondence which appears to relate to these transactions, which is **Exhibit 11.6**. From review of this email correspondence and the relevant bank statements, these transfers appear to have occurred on 9 February 2015 to facilitate a NZD/AUD FX transaction for a Futures client:

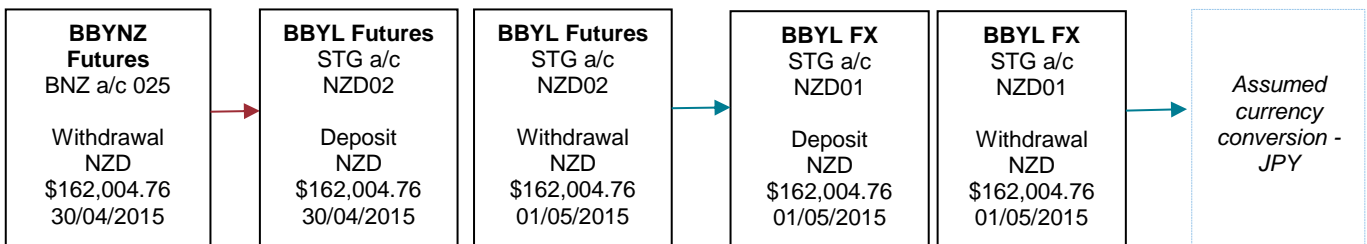
- NZD \$95,130.65 was transferred from the BBYNZ Futures CSA to the BBYNZ FX product line;
- BBYL actioned the currency conversion from the BBYL NZD FX CSA, instead of completing the conversion through BNZ (presumably because there are no AUD-denominated accounts held with BNZ);
- The AUD equivalent \$89,915.54 was transferred from the BBYL FX Trust account to the BBYL Futures CSA.

We were unable to identify the deposit of AUD into the BBYL FX Trust account, which may have been part of a larger deposit (and therefore not clearly identifiable).

From the information we have been able to identify in relation to these transfers, they appear to be BAU transfers in respect of a client currency conversion transaction. These transactions suggest that the BNZ bank accounts were treated as part of the pool of funds in respect of each product line, together with the BBYL CSAs.

Example Transaction C – International transfer BBYNZ to BBYL: 30 April 2015 (BAU)

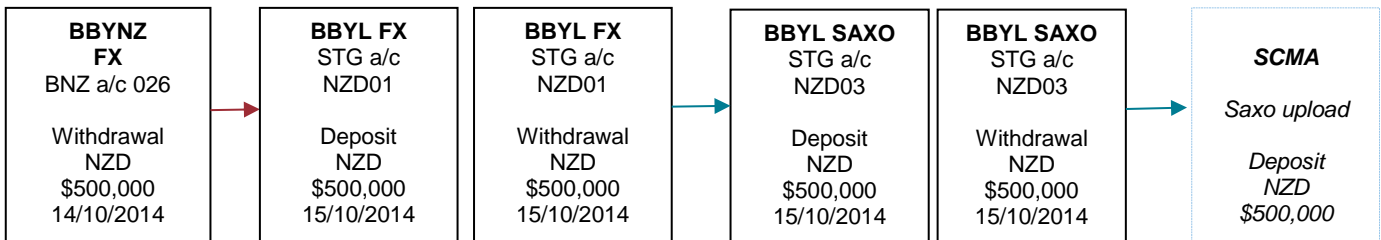
The following transaction was identified during our international transfer analysis between BNZ and BBYL NZD bank accounts:



From our analysis, it appears that NZD \$162,004.76 was transferred from BBYNZ BNZ Futures CSA to the BBYL NZD-denominated Futures CSA on 30 April 2015, before being transferred to the BBYL NZD-denominated FX CSA on 1 May 2015. We identified email correspondence in relation to these transfers, which is **Exhibit 11.7**. This correspondence suggests that these transfers related to the conversion of NZD to JPY for a futures client. The international transfer of funds from BBYNZ to BBYL, and the subsequent movement from BBYL Futures to BBYL FX, therefore appear BAU in respect of a client NZD transaction.

Example Transaction D – International transfer BBYNZ to BBYL: 14 & 15 October 2014 (TOI)

The following transaction was identified during our international transfer analysis between BNZ and BBYL NZD bank accounts:

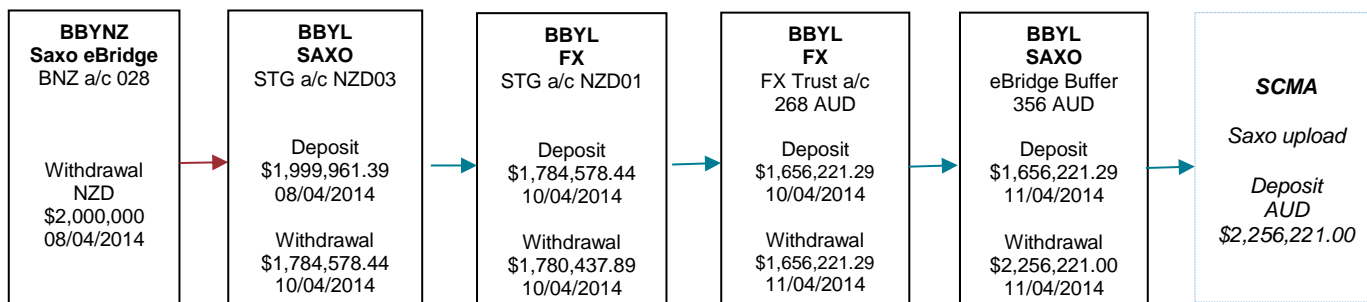


We identified email correspondence in relation to the BNZ to BBYL transfer outlined above, which is **Exhibit 11.8**. The email correspondence does not provide any reason for the transfer and therefore it is not clear whether this is a BAU movement of funds from BNZ to BBYL. However, we note a transfer of the same value from the BBYL NZD FX account to the BBYL NZD Saxo account on the same day, which was included on our 'Saxo upload' funds flow diagram on page 104 of the CSA Report. It therefore appears that the NZD transferred to SCMA in October 2014 was originally transferred from the BNZ FX account. This has been reflected in our updated Saxo upload funds flow diagram at **Appendix 10.2**.

We note that the transfer from BBYNZ to BBYL of NZD \$500,000 is over the daily transfer limit discussed in section 11.3. It is possible that the transfer limit was subsequently increased or that this is the reason for the second level authorisation requirement outlined in **Exhibit 11.8**.

Example Transaction E – International transfer BBYNZ to BBYL: 8 – 11 April 2014

The following transaction was identified during our review of email correspondence:



The email correspondence which appears to relate to these transfers is **Exhibit 11.9**. From our review of this email correspondence and the bank statement data it appears that the deposit of NZD \$1,999,961.39 in to the BBYL NZD Saxo CSA may relate to the withdrawal of NZD \$2 million from the BBYNZ Saxo CSA on 8 April 2014, with the difference in value being attributable to transfer charges. The description of the withdrawal from the BBYNZ Saxo CSA is “BBY LTD SAXO BUFFER EB SGBNZD03”.

The next withdrawal on the BBYL NZD Saxo CSA (aside from charges) is the withdrawal of NZD \$1,784,578.44 on 10 April 2014, which appears to have been transferred to the BBYL NZD FX CSA on the same day. It then appears that the amount of \$1,780,437.89 withdrawn on the same day is converted to AUD and paid into the BBYL AUD FX Trust account (AUD \$1,656,221.29). The exact same value is then transferred to from the BBYL AUD FX Trust account to the BBYL AUD Saxo Buffer account. This deposit appears to contribute to a larger transfer of AUD \$2,256,221.00 to SCMA as part of the Saxo upload which commenced in April 2014.

We have insufficient information to determine whether it was appropriate, and considered BAU, for NZD held in the BNZ Saxo CSA to have been converted to AUD for the purposes of the Saxo upload.