

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2008

Future Fund Management Agency

Finance and Deregulation Portfolio



Outcome 1 Output 1.1
Topic: Stock lending

Question reference number: F4c
Type of Question: Written

Number of Pages: 1
Senator Murray asked:

Please outline the Future Fund's policy (failing a formal policy, the Future Fund's views) with respect to stock lending (for profit-taking and for voting).

Answer:

The Future Fund is permitted to participate in securities lending under section 27 of the *Future Fund Act 2006*. Specifically:

27 Securities lending arrangements

- (1) The Board may enter into securities lending arrangements for a purpose in connection with the Fund.
- (2) Any money received by the Board under a securities lending arrangement entered into under subsection (1) is to be credited to the Fund Account.
- (3) To avoid doubt, a securities lending arrangement entered into under subsection (1) may provide for the Board to realise an investment of the Fund.
- (4) If, as the result of the operation of a securities lending arrangement entered into under subsection (1), the Board becomes the holder of a financial asset, that financial asset is taken to be an investment of the Fund.

The Future Fund Board of Guardians does not currently participate in securities lending and is awaiting the outcome of the current reviews of market practices before determining its position.