

# MARKET BULLETIN

REF: Y4580

<b>Title</b>	Additional Securities Limited (ASL) - 2012 Collection & Distribution / Singapore and Lloyd's Asia 2 <sup>nd</sup> Income Distribution
<b>Purpose</b>	To notify Managing Agents of the forthcoming 2012 ASL deposit collection and distribution exercise due to take place on 26 April 2012 and the 2 <sup>nd</sup> Income Distribution due to take place on 5 April 2012
<b>Type</b>	Scheduled
<b>From</b>	Gurdip Sappal Treasury & Investment Management
<b>Date</b>	30 March 2012
<b>Deadline</b>	

Syndicate accountants will receive individual statements via central accounting detailing their collection requirements for 2012 and distribution of 2011 loans.

## 2012 Collection

As in previous years, it is proposed that collections will only be made for countries with material deposits. The April collection is expected to consist of the Australian statutory deposit and the deposits for Bahamas, Brazil, Grenada, Hong Kong, Namibia, St Vincent's, Switzerland and Trinidad & Tobago.

The collection and distribution exercise will take place on the 26 April 2012.

## Hong Kong

The Hong Kong deposit is required to be funded in April and in line with last year will continue to be collected as part of the main collection and distribution exercise.

## Switzerland

Switzerland will continue to be funded on a quarterly basis with the Q1 collection due to take place on the 30 March.

## Deferral of Singapore adjustments

The adjustments to the Singapore and Lloyd's Asia deposits will take place at the end of July as permitted by the local requirements.

## 2nd period interest and foreign exchange collection: Singapore & Lloyd's Asia (loans returned in 2011)

The original distribution exercise for the 2010/11 loans took place on the 28 July 2011 and returned interest up to the 31 March 2011 and foreign exchange movements to the 30 June 2011.

Interest for the period 1 April 2011 to 28 July 2011 is scheduled to be distributed on the 5 April 2012.

A distribution for Singapore and Lloyd's Asia are now required to account for the outstanding foreign exchange movements for the period 1 July to 28 July 2011. This adjustment will take place on the 5 April 2012.

#### **Basis of apportionment**

For those countries where collections are made, each syndicate's deposit requirement will be collected from the appropriate year of account which has given rise to the local funding requirement based on the 2011 calendar year signed premium data from XIS.

The collections for Switzerland and Hong Kong are also partially based on outstanding claims as per the local regulatory funding requirements.

#### **Single Net Adjustment per Syndicate**

The actual amount due to be collected will be net of the return of the 2011 deposit principal, plus income earned to 31 December 2011 and foreign exchange gains/losses to 31 March 2012. Accordingly, a single sterling settlement to/from syndicates PTFs will be processed via central accounting on Wednesday 26 April 2012.

Interest for the period 1 January to 26 April 2012 and foreign exchange gains/losses for the period 1 April to 26 April 2012 will be distributed later in the year.

#### **ASL Investment and Hedging Policy**

Where permitted by local insurance regulations and achievable within local financial markets, ASL's assets are invested in high quality money market securities of up to 12 months to maturity. However, regulations in certain jurisdictions such as Switzerland and Australia may require some assets to be invested in longer-term debt instruments which mean the capital value of these assets is affected by movements in local interest rates. A quarterly update of investment returns and terms of ASL loans is available on [http://www.lloyds.com/Lloyds\\_Market/Services/Treasury/](http://www.lloyds.com/Lloyds_Market/Services/Treasury/)

For deposits directly funded by syndicates, ASL ceased foreign exchange hedging activities in June 2001 and Agents are reminded of this each year prior to the ASL funding exercise. As a result the sterling value of syndicates' assets invested with ASL will fluctuate in line with the local currency of the investment.

Agents may conclude that hedging is appropriate to their particular circumstances and are free to arrange appropriate hedging activities on behalf of such syndicates. Lloyd's Treasury & Investment Management, [treasury.operations@lloyds.com](mailto:treasury.operations@lloyds.com), may be able to assist in such hedging arrangements if required.

#### **ASL Insurance**

Following approval from the Franchise Board, Council and the LMA Board, ASL no longer insures any of the ASL regulatory deposits effective from the 1 January 2012.

#### **Syndicate Statements**

Individual syndicate statements will be sent to Managing Agents via central accounting on 13 April 2012. Statements for Singapore and Lloyd's Asia will be issued nearer the respective adjustments.

Any queries related to these figures should be directed to either Gurdip Sappal on 020 7327 5762 or Mat Stone on 01634 392 202, or by sending an email to [gurdip.sappal@lloyds.com](mailto:gurdip.sappal@lloyds.com). Queries should be raised no later than 5pm on Tuesday 17 April 2012.