

MARKET BULLETIN

REF: Y4628

Title	Canadian Regulatory Reporting
Purpose	To set out the detailed timetable and procedures for the submission of the Quarter 3 2012 Canadian Reporting packs to the Canadian Regulators (OSFI)
Type	Scheduled
From	Leslie Redmond, Manager, Overseas Reporting, Market Finance, Finance Risk Management and Operations Direct Tel No: 020 7327 5490 E-mail: leslie.redmond@lloyds.com
Date	26 October 2012
Deadline	For immediate attention
Related links	None

Please copy this letter to those within your organisation who are responsible for reviewing and completing the Canadian packs.

1. Electronic preliminary Canadian reporting packs for the quarter ended 30 September 2012 will be available to your agency on the Overseas Reporting System (ORS) today. The appendices to this bulletin and detailed instructions on how to use the electronic system can be found in the packs by clicking on the 'Document Links' menu option.
2. Whilst the reporting packs have been prepared centrally, the ultimate responsibility for submission of correct data rests with the managing agent of each syndicate and, as such, you must satisfy yourself that you have reviewed the whole return. Packs should be locked by close of business **on 2 November 2012** as set out in the timetable at Appendix 1. This date is critical, as our Canadian office has to review the filing (the P&C-2) before it is submitted to our Canadian regulator (OSFI) and the deadline set by OSFI is very tight. A hard copy return is not required.
3. You are advised that the Margin Fund included within the packs reflects the basic margin of 15%. The additional margin is included on the S1, funded in the main LCTF, and the percentages for each year of account are set out in Appendix 4 to this bulletin which is available via "Document Links" in the packs.

In December 2011 those syndicates which had an earthquake exposure were required to make a funding to cover the ERRO liabilities; the funding for 2012/13 has now been calculated and syndicates will be advised of this shortly in a letter from International Licences. As in previous quarters, these reserves have not been included in the packs due to current system limitations. Where a syndicate has an ERRO

requirement, a schedule will be issued on or before Friday 16 November advising how to include this amount in the cash transfer form in the pack.

There has also been an adjustment to admissible receivables which, for technical reasons, is not reflected in the funding calculations in the packs. Syndicates affected will be advised how to amend their funding to take account of this on or before Friday 16 November.

4. The assets on form S1 have been allocated using the same proportions as the 'assets required' on the S1 for the previous period, taking into account the year-end closures. This is because in the past it has been apparent to the Canadian regulator that many syndicates have not attempted to allocate assets reasonably, i.e. to those years of account where they have already advised the regulator that there are liabilities and that funding has been made. This is an ongoing cause for concern to the regulator and **you should ensure that the split by year of account is reasonable.**
5. Reinsurance recoveries are subject to audit sign-off on an annual basis only. However, if recoveries are reported for quarters 1 to 3, OSFI and the auditors may wish to review these when they look at the position for Quarter 4 2012.
6. Upon completion and finalisation of the pack you must lock it to enable Market Finance (MF) to incorporate the data into the global return. Once you have locked the pack, you will not be able to unlock it to make further amendments without contacting MF. Prior to locking the pack, a summary of your agency's contact details will appear on the screen, and the pack should not be locked unless these are correct.
7. Managing agents are reminded that it is their responsibility to ensure that the electronic packs they return to MF include all transactions for regulated Canadian business. This applies to transactions which have not been processed through XIS/XCS; you must ensure that adjustments are made to add in these items. Where the associated cash movements have not been transacted through the regulated bank account, please advise MF (Stella Farrar) separately by E-mail (Stella.Farrar@lloyds.com) at the same time as you submit your filing.
8. If any systems issues arise in the reporting period, a link will be provided in the electronic packs setting out the nature of the problems and their status.
9. If you have any queries on the contents of the packs, or on how to complete them, please contact me, on the above number, or Stella Farrar on extension 6734. Any questions on the reserves should be raised via E-mail with Ben Thomas (Ben.Thomas@lloyds.com) and Jerome Kirk (jerome.kirk@lloyds.com).

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Market Finance