

FROM: Manager, Financial Processing, EXTN: 2920
Financial Control, CHL5

DATE: 15 December 2004 REF: Y3459

SUBJECT: 2005 MEMBERS' SUBSCRIPTIONS AND FRANCHISE PERFORMANCE &
RISK MANAGEMENT CHARGE

SUBJECT AREA(S):

ATTACHMENTS: Instructions for Completion of Forms
Form A – For Managing Agents
Form B – For Members' Agents
Example for Managing Agents
Example for Members' Agents

ACTION POINTS: **Pro forma due 23 December, 2004
Payments due January, 2005**

DEADLINE(S): **Immediate**

Further to the Market Bulletin of 17 September 2004 reference Y3394, this Market Bulletin outlines the arrangements for the collection of the first instalment of the 2005 Members' Subscription and 2005 Franchise Performance and Risk Management Charge.

2005 Members' Subscriptions

Arrangements for the collection of the first instalment of the 2005 Members' Subscriptions will be the same as those for the 2004 subscriptions. This will be settled via the Lloyd's Central Accounting System on **7 January 2005** and invoices will be issued by 23 December, 2004.

2005 Franchise Performance and Risk Management Charge

In respect of the 2005 Franchise Performance and Risk Management Charge, the basis and rates for which is unchanged from 2004, electronic pro forma schedules can be found on the MSU Returns Website. These schedules must be completed and returned by 23 December, 2004. Copies of these schedules along with instructions on how to complete them are attached to this Market Bulletin. Using the electronic form, enter syndicate details and capacity, as appropriate and the amount due will be calculated automatically. The due date for the payment of the first instalment of the Franchise Performance & Risk Management Charge is **4 January 2005**. Payments should be made by CHAPS to the following:

Bank: National Westminster Bank plc
City of London Office
1 Princes Street
London, EC2R 8PA

Bank Sort Code: 60-00-01

Account Title: Corporation of Lloyd's

Account Number: 13626469

Financial Control will be issuing invoices during January 2005 in respect of these charges.

Members' Subscriptions for 2005 are Exempt from VAT as per Market Bulletin Y2870 issued on 13 September 2002. No VAT is chargeable on the Franchise Performance and Market Risk Charge.

Interest is chargeable for late remittances at a rate of 5% over NatWest base lending rate.

Completed forms should be sent by e-mail to <mailto:carolyn.m.smith@lloyds.com> or by post to:

Carolyn Smith
Financial Control
Corporation of Lloyd's
Gun Wharf
Dock Road
Chatham
Kent ME4 4TU

This Market Bulletin has been sent to all underwriting agents, including corporate advisers. All enquiries should be addressed to Carolyn Smith on Lloyd's extension 2922 or 01634 392922.

The second instalment of the 2005 Members' Subscriptions and Franchise Performance & Risk Management Charge will be due on 1 June 2005.

2005 New Central Fund Contributions and syndicate Loans

A further bulletin will be issued in February 2005 detailing the arrangements for paying 2005 New Central Fund contributions and syndicate loans which are due on 1 April 2005. Syndicates will have the option to make these payments in US dollars.

Alison Mings
Manager, Financial Processing
Financial Control

INSTRUCTIONS FOR COMPLETION OF FORMS

Form A – For Managing Agents

1. Electronic Completion

- I. Only enter data into the shaded areas
- II. Enter Name of firm
- III. Enter Syndicate Nos. in first shaded column
- IV. Enter syndicate allocated capacity for each managed syndicate in the adjacent shaded column. All capacity must be completed in round £'s only
- V The total amounts due will be calculated automatically

2. Manual Completion

- I. Enter Name of firm
- II. Complete all boxes in Sections 1 and 2
- III. Capacity must be entered in round £'s, all other monetary fields must be completed in £'s and pence
- IV. See completed example attached to Market Bulletin

Form B – For Members' Agents and Lloyd's Advisers

1. Electronic Completion

- I. Only enter data into the shaded areas.
- II. Enter Name of Firm.
- III. Enter total gross allocated capacity in round £'s only
- IV. The total amounts due will be calculated automatically

2. Manual Completion

- I. Enter Name of firm.
- II. Enter total capacity and complete all boxes in Section 1
- III. Capacity must be entered in round £'s, all other monetary fields must be completed in £'s and pence
- IV. See completed example attached to Market Bulletin

If you have any queries relating to the completion of the forms please contact Carolyn Smith on Lloyd's extension 2922 or 01634 392922

FORM A

**FOR MANAGING AGENTS
2005 FRANCHISE PERFORMANCE & RISK MANAGEMENT CHARGE**

Name of firm:

1. Franchise Performance & Risk Management Charge - First instalment due 4 January 2005

Please enter syndicate numbers and syndicate allocated capacity for the 2005 year of account in the table

	SYNDICATE Nos.	SYNDICATE ALLOCATED CAPACITY for 2005 £
Totals	0	£0

a) Minimum capacity fee

if managed capacity for the 2005 year of account is >£0 & <=£50m then fee is £15,500	
if managed capacity for the 2005 year of account is >£50m & <=£150m then fee is £95,050	
if managed capacity for the 2005 year of account is >£150m & <=£250m then fee is £190,650	
if managed capacity for the 2005 year of account is >£250m & <=£500m then fee is £270,250	
if managed capacity for the 2005 year of account is >£500m then fee is £325,500	
	£0.00

b) Additional capacity fee

if managed capacity for the 2005 year of account is >£0 & <=£50m then charge is 0.1591% x managed capacity	
if managed capacity for the 2005 year of account is >£50m & <=£150m then charge is 0.0956% x managed capacity over £50m	
if managed capacity for the 2005 year of account is >£150m & <=£250m then charge is 0.0796% x managed capacity over £150m	
if managed capacity for the 2005 year of account is >£250m & <=£500m then charge is 0.0221% x managed capacity over £250m	
if managed capacity for the 2005 year of account is >£500m then charge is 0.0201% x managed capacity over £500m	
	£0.00

c) Syndicate fee

At £11,000 per syndicate for the 2005 year of account	£0.00
Total Franchise Performance & Risk Management Charge for 2005	£0.00

50% of Total Franchise Performance & Risk Management Charge payable by CHAPS on 4 January 2005	£0.00
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No VAT is payable on the Franchise Performance & Risk Management Charge

Please e-mail the completed version of this form to carolyn.m.smith@lloyds.com
<mailto:carolyn.m.smith@lloyds.com>

Chaps payments or bank transfers should be made to the Corporation of Lloyd's Account No. 13626469 at National Westminster Bank, City of London Office, PO Box 12258, 1 Princes Street, London EC2R 8PA. Branch sort code 60-00-01.

Please contact Carolyn Smith to make alternative arrangements if you are unable to make a CHAPS payment.

Interest is chargeable at 5% over Nat West Base Rate on overdue amounts.

FORM A

FOR MANAGING AGENTS

2005 FRANCHISE PERFORMANCE & RISK MANAGEMENT CHARGE

Name of firm: **XYZ SYNDICATE MANAGEMENT**

1. Franchise Performance & Risk Management Charge - First instalment due 4 January 2005

	SYNDICATE Nos.	SYNDICATE ALLOCATED CAPACITY for 2005 £
	X	100,000,000
	Y	20,000,000
	Z	50,000,000
Totals	3	£170,000,000

Please enter syndicate numbers and syndicate allocated capacity for the 2005 year of account in the table

a) Minimum capacity fee

if managed capacity for the 2005 year of account is >£0 & <=£50m then fee is £15,500	
if managed capacity for the 2005 year of account is >£50m & <=£150m then fee is £95,050	
if managed capacity for the 2005 year of account is >£150m & <=£250m then fee is £190,650	
if managed capacity for the 2005 year of account is >£250m & <=£500m then fee is £270,250	
if managed capacity for the 2005 year of account is >£500m then fee is £325,500	
	£190,650.00

b) Additional capacity fee

if managed capacity for the 2005 year of account is >£0 & <=£50m then charge is 0.1591% x managed capacity	
if managed capacity for the 2005 year of account is >£50m & <=£150m then charge is 0.0956% x managed capacity over £50m	
if managed capacity for the 2005 year of account is >£150m & <=£250m then charge is 0.0796% x managed capacity over £150m	
if managed capacity for the 2005 year of account is >£250m & <=£500m then charge is 0.0221% x managed capacity over £250m	
if managed capacity for the 2005 year of account is >£500m then charge is 0.0201% x managed capacity over £500m	
	£15,920.00

c) Syndicate fee

At £11,000 per syndicate for the 2005 year of account	£33,000.00
Total Franchise Performance & Risk Management Charge for 2005	£239,570.00

50% of Total Franchise Performance & Risk Management Charge payable by CHAPS on 4 January 2005	£119,785.00
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No VAT is payable on the Franchise Performance & Risk Management Charge

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