

FROM: Manager, Settlement & Trust Fund Operations EXTN: 2098

DATE: 7 July 2005 REF: Y3588

SUBJECT: **STFO CHARGE AMENDMENT**

SUBJECT AREA(S):

ATTACHMENTS:

ACTION POINTS: **Managing Agents to Note**

DEADLINE(S):

On 24 March 2005, Xchanging issued Market Communication Reference No. 2005/032, entitled Ins-Sure Services Price Tariff for 2005.

This Tariff included details of the collection in respect of Settlement and Trust Fund Operations (STFO), based on a surcharge of £0.09 per transaction, at USM level.

I have to advise you that the basis of this collection does not take account of the fact that where a USM includes deferred items, each of the deferred instalments actually generates a separate cash transaction through Lloyd's Central Accounting. The cost of processing these additional cash transactions must also be recovered, so it is necessary for the charging mechanism to be amended accordingly. The STFO surcharge on deferred instalments passing through Lloyd's Central Accounting will be at the same level as all other transactions, i.e. £0.09 per item. Treaty account deferred items are handled differently, and are consequently exempt from this additional surcharge.

The amended charging mechanism will be implemented in time for the surcharge calculation in respect of June, 2005 processing, which is due to be included in Lloyd's Central Accounting for settlement 28 July, 2005.

Ian Wootten
Manager
Settlement & Trust Fund Operations