

FROM: Head of Market Reporting EXTN: 5129  
DATE: 31 August 2005 REF: Y3618  
SUBJECT: **Changes to valuation method of investments held in overseas regulatory deposits**  
SUBJECT AREA(S): Valuation of investments held in overseas business regulatory deposits  
ATTACHMENTS: None

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ACTION POINTS: Managing agents to note

DEADLINE(S): Immediate

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The purpose of this bulletin is to advise managing agents of the change to the basis on which the market value of syndicate investments held in overseas business regulatory deposits managed by Lloyd's is to be determined. Currently the mid-market closing price is used. In future the bid price will be used.

This change accords with the FSA's rules in PRU 1.3 which provide that wherever possible investments must be valued using marked to market ie. valued at readily available close out prices from independent sources, and that when using mark to market, the "more prudent side of bid/offer price" must be used. Managing agents should note that transitional provisions in the PRU apply until 30.12.2006 under which managing agents will be treated as complying with the PRU 1.3. if they mark to market by reference to the mid market value.

Members' agents and direct corporate members were advised by a market bulletin entitled "Changes to valuation method for funds at Lloyd's" (ref: Y3574) issued on 20 June 2005, that the bid price would in future be used, in place of mid-market price, in determining the market value of funds at Lloyd's.

If you have any queries relating to this bulletin, please address them to Kevin Nethersell (Kevin.nethersell@lloyds.com) extension 6253 or Mike Steer (mike.steer@lloyds.com) extension 5709. This bulletin is being sent to all managing agents, recognised accountants, and market associations for information.

John Parry