

December 2007

Our reference MSNL/I2/

## **MARKET SERVICES' NEWSLETTER**

Welcome to the second edition of the Members' Update, which aims to keep you updated on events within Market Services.

### **1. Interest Payments in respect of Funds at Lloyd's**

#### **General Information**

A reminder to members that interest earned on cash held within their Funds at Lloyd's (FAL) is paid on a semi-annual basis. Interest is accrued as at 31 December and 30 June and paid away in accordance with members' instructions within a week of this date. The process is the same for sterling and other currency payments.

Members who have interest paid directly to their bank accounts will see confirmation of this payment on their bank statements for January and July. Additionally, interest payments will be reflected on the Cash Movement Statement (CMS) which is sent to all members during the month. Members whose interest is rolled back into FAL will again have this confirmed on the CMS.

Please note interest earned on cash held within Special Reserve Fund must roll back into this fund in accordance with the terms of the fund. The amount credited will be confirmed via the CMS.

#### **January 2008 Payment**

The next payment is due to be paid in early January 2008. Due to the need for the accrual process to fall on a working day, the period covered will be 29 June 2007 to the 27 December 2007, with CMS due by the end of January.

If you have any queries please contact Janice Baldwin on 01634 392294 or e-mail [janice.baldwin@lloyds.com](mailto:janice.baldwin@lloyds.com) .

### **Payment Instructions**

As advised in the October newsletter, it is no longer possible to receive interest payments by cheque. Instead, they can be released via BACS or SWIFT or re-credited to FAL. In view of this, those members who wish to continue to receive their interest direct and not have it re-credited to FAL are requested to supply Market Services with their bank details. If you have already provided these details as a result of the October newsletter, you do not need to take any further actions.

Members with Third Party Owners (TPO) of cash held in their FAL are requested to ensure that the TPO is aware of these changes to interest payments.

Please advise us in writing of any new instructions of payment details – Membership Arrangements, Market Services, Fidentia House, Walter Burke Way, Chatham Maritime, Chatham, Kent, ME4 4RN or by e-mail to [membership-arrangements@lloyds.com](mailto:membership-arrangements@lloyds.com) . For further information please contact Janice Baldwin or Debbie Nash by telephone on 01634 392294 and 01634 392654 respectively.

When providing these instructions members should also consider the following money laundering information:

### **Money Laundering**

The 2007 UK Money Laundering (ML) Regulations implementing the third ML directive comes into force on 15 December 2007. These new regulations introduce firms to the concept of Customer Due Diligence which emphasises the need to obtain identification information about it's customers. In Market Services case this is you, the member. As a result, with effect from 15 December 2007, any existing member providing notification of a change of bank account details (for instance in respect of interest or dividend payments) must also provide copy evidence that the bank account and beneficiary account name correspond to that of the member e.g. provision of a copy paying-in slip. This will apply only to notifications of changes or new account details provided direct to Market Services.

## **2. Market Services Charges 2008**

Market Services Charges for 2008 were approved by the Franchise Board on 22 November 2007.

As a result of our ongoing work to control costs and ensure that costs are recovered on an equitable basis, Market Services will be reducing the base service charge for those members with just run off participation :

Charge	2008 charge	2007 charge
Base Service Charge – Individual Member – Run-Off Participation Only	£250	£295

An inflationary increase of 3% has been applied to the remaining charges together with the following amendments :

1. The guarantee / letter of credit holding charge has been amended from a single charge of £95 for the administration of guarantees and letters of credit held in Funds at Lloyd's (FAL) to a charge of £95 per issuer per type of document. Those members affected by this change have been written to under separate cover.
2. The charging criteria for UK Securities and Unit Trusts has been extended to encompass both Certificate of Deposit and Fixed Deposit. Those members affected by this change have been written to under separate cover.
3. The introduction of a one-off charge in respect of the approval for a member to hold unregulated collective investment schemes within FAL. Once approved, these assets will be charged on an annual basis under the current UK Securities and Unit Trust charge.

As in previous years, the charges will be based on members' FAL position as at 1 January.

I enclose a copy of the price list for your information. If you have any questions, please contact Jenny Laverty on 01634 392909 or via e:mail [market-services-charges@lloyds.com](mailto:market-services-charges@lloyds.com) .

### **3. Provision of Newsletter**

If you wish to be able to access future Market Services' newsletters electronically via e:mail, please send your e:mail address to [members@lloyds.com](mailto:members@lloyds.com) .

I hope you have found this newsletter informative and if you have any comments or proposals for articles to be included in future newsletters please let me know.

Jenny Laverty  
**MARKET SERVICES**

Telephone 01634 39 2909  
Fax 01634 39 2947

## INDIVIDUAL MEMBERS

Chargeable Item	Frequency	Price 2008	VAT Status – Note 4	Description of Service
Base Service Charge – Active and Naturally Open Participation	Annual	£305	Outside Scope	Basic charge for membership administration
Base Service Charge – Run-Off Participation Only	Annual	£250	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£51	Outside Scope	Single charge for administration of accounts within funds at Lloyd's (FAL)
UK securities and Unit Trusts (UK and Foreign) (per holding)	Annual	£47	Outside Scope	Per holding charge for administration of UK Securities and all Unit Trusts held in FAL
Foreign Securities held in Crest (per holding)	Annual	£128	Outside Scope	Per holding charge for administration of foreign securities held in FAL via Crest
Foreign Securities including Citibank (per holding)	Annual	£235	Outside Scope	Per holding charge for administration of foreign securities and holdings in Citibank held in FAL
Guarantees / Letter of Credits	Annual	£95	Outside Scope	Per holding charge for administration of guarantees or letters of credit held in FAL
Life Policy / Bond	Annual	£144	Outside Scope	Per holding charge for administration of life policies / bonds held in FAL
Merrill Lynch Monitoring	Annual	£315	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
FX Contract – base charge	Per contract	£210	Outside Scope	Per holding charge for receipt and initial set up of contract
FX Contract – monitoring	Per month or part thereof	£90	Outside Scope	Per holding charge for daily monitoring of contract margin
Unregulated CIS – initial charge	Once	£500	Outside Scope	Single charge for approval of initial unregulated CIS
Special Reserve Fund Administration	Annual	£75	Outside Scope	Single charge for administration of Special Reserve Fund
Market Services Taxation – Active and Naturally Open Participation	Annual	£88	Standard Rate	Processing Charge for UK, US and Canadian tax return data in respect of naturally open member
Dewey and LeBoeuf Taxation – Active and Naturally Open Participation	Annual	£162	Standard Rate	Dewey and LeBoeuf charge for filing US tax return in respect of naturally open member
Market Services Taxation – Run-Off Participation Only	Annual	£36	Standard Rate	Market Services Processing Charge for UK, US and Canadian tax return data in respect of run-off member
Dewey and LeBoeuf Taxation – Run-Off Participation Only	Annual	£89	Standard Rate	Dewey and LeBoeuf charge for filing US tax return in respect of run-off member
US Resident Administration	Annual	£340	Standard Rate	Single charge for providing data for US resident tax return
MAPA Participation – Active and Naturally Open	Annual	£103	Standard Rate	Single charge for administration of MAPA participations
MAPA Participation – Run-Off Only	Annual	£15	Standard Rate	Single charge for administration of MAPA participations
Partial Release (under £500)	Per Release under £500	£108	Outside Scope	To ensure efficient use of resources only releases under £500 are subject to a charge
Partial Release – additional request	Per additional request	£108	Outside Scope	To ensure efficient use of resources a charge is levied for each additional release
Partial Release – late request	Per late request	£108	Outside Scope	To ensure efficient use of resources a charge is levied for each additional release
Voluntary Drawdown (under £500)	Per drawdown under £500	£108	Outside Scope	To ensure efficient use of resources only drawdowns under £500 are subject to a charge
Compulsory Drawdown	Per Request	£108	Outside Scope	To cover additional costs incurred processing compulsory drawdown
Company Report and Accounts	Per Account Provided	£15	Standard Rated	Fee for provision of company report and accounts
Enquiries	Per half-hour	£40	Standard Rated	Fee for handling general enquiries
Duplicate Requests – including payments	Per duplicate	£40	Standard Rated	Fee for provision of duplicate items
Coming into Line Extension Requests	Per Day per £5m or part thereof	£50	Outside Scope	Fee for granting extension to coming into line deadline – based on amount outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	Variable	Exempt	Charge for administration of cash held in FAL at the rate of 0.125% per annum
TAROT Access	Annual	£100	Standard Rated	Single charge for remote access to TAROT – all infrastructure costs to be borne by member

**Third party and other charges applicable to all members**

Note	
1	Where third party costs are incurred by Market Services in providing a service, these will be charged to the member concerned (e.g. bank charges, Citibank global custody fee, Companies House filing fee, Crest settlement charges, legal fees, postage and packaging, stamp duty).
2	Market Services reserves the right to charge on a time and materials basis for each trade (per security) above the following levels -  UK securities – trading more than twice a year Foreign securities – trading more than twice a year
3	Full details of each service are available upon request
4	VAT Status to be confirmed