

By Email

MARKET SERVICES

ISSUE : AUGUST 2010

Welcome to the August 2010 edition of the Market Services' newsletter, keeping you updated on events within Market Services.

IN THIS ISSUE:

- 1 **Market Services' Restructure**
- 2 **Lloyds.com**
- 3 **Changes to Dividend Payments on Funds at Lloyd's**
- 4 **Indicative Lloyd's Tax Charges for 2011**
- 5 **Continuous Professional Development**
- 6 **Members' Cash Interest Rates**

1 MARKET SERVICES' RESTRUCTURE

Market Services' mission statement of 'Working Together Providing Dependable Services Today and in the Future' has lead us to review our departmental structure and alignment of tasks, resulting in a restructure of the department.

The changes were felt necessary in order to maximise our capability of delivering our strategy and change agenda, consistent with Lloyd's Three Year Plan.

The objectives, which we feel have been achieved, were:

- To produce a structure which will better support and deliver Market Services' strategy.
- To align core functions to support and maintain a commercial and risk-based focus.
- To enable us to better understand and meet existing and potential customer needs
- To create a flexible workforce embedding a culture of continuous improvement.

Enclosed with this newsletter are updated Key Contact Details for your information.

2 LLOYDS.COM

We are pleased to announce that Market Services' micro-site is now live on the Lloyd's website - www.lloyds.com/marketservices.

The aim of the site is to provide members with timely and relevant information regarding their membership of Lloyd's and we welcome comments from members on how well the site has achieved this aim. Please take time to visit our site and complete the on-line survey.

For further information please contact: Jenny Laverty;

T: 01634 392320

E: jenny.laverty@lloyds.com

3 CHANGES TO DIVIDEND PATMENTS ON FUNDS AT LLOYD'S

In a continuous effort to improve and streamline our services and reduce costs for members, with effect from 1 January 2011, dividend payments received by Lloyd's directly will no longer be paid out by cheque.

Members who currently receive funds at Lloyd's (FAL) dividends in this way will instead have the following options of receiving their dividend payments:

- BACS (paid into a UK bank account)
- SWIFT (USD/EUR)
- Dividend returned to FAL

These options will make the dividend process faster and more secure whilst reducing administrative overheads and eliminate the problem of lost and un-cashed cheques.

Please advise us in writing of any new instructions of payment details to:

Business Operations, Market Services, Fidentia House, Walter Burke Way, Chatham Kent ME4 4RN

Or by e-mail to operational-support@lloyds.com.

When providing these instructions members should also consider the 2007 Money Laundering Regulations where any existing member providing directly to Market Services notification of a change of bank account details must provide copy evidence that the bank account and beneficiary account name correspond to that of the member, eg provision of a copy paying-in slip, copy bank statement. This will apply only to notifications of changes or new accounts details provided direct to Market Services.

Where bank details have not been received by 17 December 2010 any dividend received by us will be paid back to FAL and will be subject to any restrictions that apply to the release of these funds.

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 dividend payments.

For further information please contact: Jo Morhen;
T: 01634 392511
E: jo.morhen@lloyds.com

4 INDICATIVE LLOYD'S TAX CHARGES FOR 2011

As part a reorganisation of Market Services, the Tax Operations team have been transferred to Lloyd's Tax Department.

You may recall that Market Services (MS) revised its charging structure for 2010 to ensure that members met the full cost of all of the tax services provided to them by the Corporation. However, a staged approach to implement the new structure was agreed to avoid an over-recovery of costs in 2010. The change of reporting line has not altered the position and the stepped increase proposed in 2009 remains necessary for 2011.

Lloyd's Taxation Department Charges

Lloyd's centrally files tax returns on behalf of members in Canada, Singapore and Japan and collates and processes data to enable Dewey & LeBoeuf to file the US tax return. In addition, tax reports are produced to enable members and/or their accountants to complete their UK tax returns.

The tax work continues to become increasingly complex, systems need to constantly be updated and amended to deal with changing legislative requirements and this, in conjunction with a declining membership from which to recover fixed costs, means that charges to members for tax reporting have had to increase.

The taxation charges shown below are only indicative at this stage, but are representative of the level that members will be requested to pay in 2011 in order to recover the cost of providing the service to the market.

It should be noted that the charges remain extremely competitive as although most of the tax services have a fixed cost attached to them and therefore do not decrease as the membership population decreases, members still benefit from the significant economies of scale which come from central provision of services.

Dewey and LeBoeuf Charges

Lloyd's has managed to negotiate a fixed fee with Dewey and LeBoeuf to support Lloyd's Taxation Department in preparing the consolidated taxation return on behalf of all members of Lloyd's. However, this is a third party cost which must be recovered from the members in a fair way based on the benefit that they receive from this service. This varies from year to year based on exchange rates and the declining membership from which to recover these costs.

Indicative Charges for 2011

The indicative charges for 2011 are set out below. However these have not yet been finalised and may be subject to change once the Corporation has completed the budgeting exercise for 2011.

	2010 Actual Charges		2011 Indicative Charges	
	Lloyd's Taxation Department	Dewey & LeBoeuf	Lloyd's Taxation Department	Dewey & LeBoeuf
Individual active	£130	£245	£220	£325
Individual non active	£40	£100	£40	£100
Corporate including NameCo's	£190	£350	£270	£430
SLP Standard Charge	£190	£350	£270	£430
Additional charge per SLP / LLP Partner	£50	£100	£50	£200
US Resident / Controlled Foreign Corporation	£350	£100	£350	£100

For further information, please contact Christine Allcott;

T: 01634 392433

E: christine.allcott@lloyds.com

5 CONTINUING PROFESSIONAL DEVELOPMENT

In 2006, the FSA launched the Retail Distribution Review (RDR) which is designed to focus on improving consumer trust and confidence in products and services supplied by the retail market.

One of the key objectives of the RDR is to increase the professional standards of investment advisers. Although Market Services do not offer advice and therefore the RDR does not directly affect the Department at the present time, there are elements that will be rolled out across the Financial Services industry. Market Services are striving to adopt best practice to ensure our staff have the necessary skills and qualifications to be able to fulfil their roles.

Market Services are already focussing on training competence, qualifications and professionalism and currently have 35 members of staff who already hold a relevant qualification and 14 staff who are studying. The qualifications include the Chartered Institute of Securities and Investments, Diploma in Programme and Project Management, Management of Risk, Associate of Chartered Certified Accountants and Chartered Insurance Institute qualifications.

We are happy with the progress we have made so far and are confident that we are in a strong position having raised the standards for our staff. We will continue to closely monitor the developments of RDR to ensure that we are kept up to date with any regulatory requirements that may impact on our business in the future.

For further information, please contact: Anne Cooper;
T: 01634 392576
E: anne.cooper@lloyds.com

6 MEMBERS' CASH INTEREST RATES

For members information, the next interest payment will be as at the end of December, with payments to bank accounts by early January. The latest update of interest rates is shown below.

<u>Currency</u>	<u>Period</u>	<u>Rate</u>
GBP	01/04/2010 – 28/06/2010	0.375%
	29/06/2010 – 31/08/2010	0.500%
US Dollar	01/04/2010 – 18/05/2010	0.000%
	19/05/2010 – 28/06/2010	0.125%
	29/06/2010 – 31/08/2010	0.250%
Euro	01/04/2010 – 31/08/2010	0.125%
Aus Dollar	01/04/2010 – 06/05/2010	2.000%
	07/04/2010 – 28/06/2010	3.875%
	29/06/2010 – 31/08/2010	4.250%

For further information please contact: Janice Baldwin;
T: 01634 392294
E: janice.baldwin@lloyds.com

Or

For further information please contact: Debbie Nash;
T: 01634 392654
E: debbie.nash@lloyds.com

CONTACT US

Market Services
Lloyd's
Fidentia House
Walter Burke Way
Chatham Maritime
Chatham
Kent
ME4 4RN

For more information about Market Services, our strategy, key dates and the latest developments and news, please visit:
<http://www.lloyds.com/marketservices>

Details of key contacts within the Market Services team can be found at:
<http://www.lloyds.com/marketservicescontacts>

