

SOLVENCY II SYNDICATE ASSET DATA SUBMISSION INSTRUCTIONS

AUGUST 2012



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INTRODUCTION

Purpose & scope

As set out in the Solvency II 2012 Deadlines and Deliverables timetable, Lloyd's requires all managing agents to submit syndicate asset data as at 30 September 2012, by 2 November 2012.

Syndicate investment disposition data is required for input into the Lloyd's Internal Model (LIM) in order to calculate Market Risk capital requirements under Solvency II.

This document provides instructions to managing agents in respect of completion of the Solvency II asset data collection template.

Asset Data as at 30 September 2012

As set out above, in order to calculate Market Risk capital requirements under Solvency II agents are asked to complete the asset data collection spreadsheet template; this be downloaded from lloyds.com via the link below:

[Link to asset data submission guidance and template](#)

Managing agents have previously submitted investment disposition data, as at 31 December 2011.

Next Steps

The next collection of asset data for the Lloyd's Internal Model is expected to be as at 30 September 2013. This is anticipated to be collected as part of the Quarterly Asset Data (QAD) submission via the Core Market Returns (CMR) system.

Should agents have any queries or comments relating to this document or the LIM Asset Data collection they should contact their Solvency II account manager, email solvency2@lloyds.com or the contacts provided in the template.

Agents should also note that all guidance issued is subject to ongoing discussion and change as the European Commission (EC), European Insurance and Occupational Pensions Authority (EIOPA) and FSA requirements become clearer.

Further guidance

For further information on what is required in each field, please refer to the narratives (LOGs) provided by EIOPA as part of the consultation package issued in November 2011. The consultation material can be accessed through the following link:

[Link to EIOPA website](#)

INSTRUCTIONS FOR COMPLETION

The Solvency II balance sheet must be completed using the template attached at Appendix 1 and in accordance with the instructions below.

Completing the template

- Syndicates are required to complete the information at security level, with investment fund look through where appropriate
- All fields are compulsory
- No set formulas should be modified
- All monetary values must be provided in GBP equivalent, with the following exceptions
 - Overseas Trust Fund and ASL Deposit market values should be populated on the *Summary* tab in local currency (using the values provided in the statements issued by Lloyd's) and
 - For those Money Market Funds listed on the *Summary* tab, market values should be populated in local currency
- Additional information relating to derivatives held for risk reduction purposes is required
- Money Market and Other Investment Funds

Solvency II requires the use of a look through methodology for all collective investment schemes. There are three options available:

- Security level look through: applies the appropriate market risk sub-module to every security in the fund based in its individual risk profile
- Mandate level look through: where a full security level look-through is not possible, it is acceptable to use the fund's prospectus guidelines
- No look through: if no security or portfolio level look-through is possible, funds must be classified as "Other", which assumes a high level of investment risk

For the LIM asset data collection, where possible, syndicates are required to use a security level look through for investment funds and to refer to the prospectus if this is not possible.

Where fund dispositions are very complex we would expect these to be classified as a single investment under "Other". Managing agents should consider the benefits of reporting complex investments on a look through basis.

Summary Tab

This form provides high level syndicate/member information for reconciliation purposes.

Reconciliation: Total investment value should reconcile to Q3 2012 QMA submission.

Investment Funds: Investment level information for the Overseas Trust Funds, ASL Deposits and those Money Market Funds listed will be prepared centrally and we therefore only require your fund level **local currency** valuation to each fund to be populated.

These investments should therefore be excluded from the *Investment Assets* tab. All other mutual fund and investment fund dispositions will have to be provided in the *Investment Assets* tab.

Please note all other valuations in the submission must be in GBP.

FX Rates: Please provide exchange rates used as at reporting date. Additional currencies may be added.

Investment Assets Tab

This form collects full details of investments held.

Syndicate/Member No: Syndicate number in the same format as QMRs or Member number for Finds in Syndicate only.

ID Code: This should be ISIN if available, other recognised code (CUSIP, Bloomberg ticker etc.) or syndicate's specific if nothing else is available (e.g.: property).

ID Code Type: Type of ID Code used for the "ID Code" item, for example, ISIN, CUSIP, Bloomberg, other etc.

Asset Class: This identifies the security classification as defined by the underlying security category in the CIC table (please see Appendix 1). The requirement to provide 'look through' data to underlying exposures of mutual funds and investment funds results in the "Investment Funds" (CIC asset category 4) not being an option.

Issuer Group: This is the ultimate parent undertaking of the issuer. For cash investments (classified as "Cash and Deposits") please select the bank from the defined list provided.

Maturity Date: This should always correspond to the final maturity date, even for callable securities.

External Rating: This is the rating given by external rating agency. The syndicate must report the external rating that in their perspective is best representative.

Issuer Country: This is the country where the legal seat of issuer is located. For investment funds, the country is relative to the fund's manager. The legal seat, for this purpose, should be understood as the place where the issuer head office is officially registered, at a specific address, according to the commercial register (or equivalent). The International Organisation for Standardisation (ISO) alpha 2 codes should be used, i.e. two letter country codes. For example, "US" to denote United States.

Currency (ISO Code): This is the currency of the issue and code should be the ISO code, for example, USD for US dollars.

Duration: This is the 'residual modified duration' in years. For assets without fixed maturity the first call date should be used.

Market Value (GBP): This is the total invested amount in the asset, as included in lines 19 and 54 from QMA 201 for syndicate assets and line 19 from QMA 202 for FIS assets.

Comments on Derivatives & Other: To be populated where additional information is to be provided.

Hedging Tab

This form collects additional information relating to derivatives held as part of a hedging strategy and should therefore include all derivatives classified as micro/macro hedges (MI/MA) under "Use of Derivative". By identifying the characteristics of these derivatives, the LIM will reflect more accurately the risk reduction from hedging exposures.

Foreign exchange contracts should be populated as two entries; a long (buy) leg and a short (sell) leg.

Hedge Type: This is the type of derivative used for FX or duration hedging.

ID Code: This should be ISIN if available, other recognised code (CUSIP, Bloomberg ticker etc.) or syndicate's specific if nothing else is available.

ID Code Type: Type of ID Code used for the "ID Code" item, for example, ISIN, CUSIP, Bloomberg, other etc.

Currency (ISO Code): This is the currency of the issue and code should be the ISO code, for example, USD for US dollars.

Asset or liability underlying the derivative: This is the asset or liability underlying the derivative contract. This should be reported in the form of the ID code and it should be provided for derivatives that have a single underlying instrument in the syndicate's portfolio.

Use of derivatives: This describes the use of derivative i.e. micro/macro hedge (MI/MA). Micro hedge refers to derivatives covering a single asset while macro hedge refers to derivatives covering a set of assets.

Derivatives classified as part of efficient portfolio management (EPM) should be included in the *Other Derivatives & Comments* tab.

Notional amount: This is the amount covered or exposed to the derivative. For futures and options, this corresponds to the contract size multiplied by the number of contracts; and for swaps and forwards, this corresponds to the contract amount. The nominal amount refers to the amount that is being hedged / invested (when not covering risks). If several trades occur, this should be the net amount at the reporting date. **GBP equivalent required.**

Long or short position (L/S): A holder of a long position owns the security or notional amount at the contract inception, while a holder of a short position will own the security or the nominal amount at the end of the derivative contract.

Trigger Value: This is the reference price for futures, strike price for options, currency exchange rate or interest rate for forwards, etc. This is not applicable to interest rate and currency swaps. **GBP equivalent required.**

In the case of more than one trigger over time, report the trigger value during the reporting period.

Maturity Date: This is the date of close of the derivative contract, whether at maturity date, expiring date for options (European or American), etc.

Duration: This is the residual modified duration, in years, for derivatives for which a duration measure is applicable. This should assess the impact of the derivative on the portfolio duration and therefore be derived from the duration of the underlying asset.

Mark to Market Value: This is the value of the derivative as of the reporting date and can be positive, negative or zero. Derivative assets should be reported as positive values while derivative liabilities as negative values. **GBP equivalent required.**

Description: To be populated with any additional information considered to be useful.

Other Derivatives & Comments Tab

Please provide further information on any derivative investments not captured on the *Hedging* tab, including all relevant information on the type of derivative e.g. interest rate, credit, foreign exchange, swaps, options and additional information explaining the purpose of the derivative.

Derivatives classified as part of efficient portfolio management (EPM) should be included.

Complementary Identification Code (CIC) table (as issued by EIOPA)

First 2 positions	Asset listed in	ISO 3166-1-alpha-2 country code or XL (for not listed) or XT (for not exchange tradable)														
Third position	Category	1	2	3	4	5	6	7	8	9	A	B	C	D	E	F
		Government bonds	Corporate bonds	Equity	Investment funds	Structured notes	Collateralised securities	Cash and deposits	Mortgages and loans	Property	Futures	Call Options	Put Options	Swaps	Forwards	Credit derivatives
Fourth position	Sub-category or main risk	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
		Central Government bonds	Common bonds	Common equity	Equity funds	Equity risk	Equity risk	Cash	Uncollateralized loans made	Property (office and commercial)	Equity and index futures	Equity and index options	Equity and index options	Interest rate swaps	Forward interest rate agreement	Credit default swap
		2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
		Supra-national bonds	Convertible bonds	Equity of real estate related corporation	Debt funds	Interest rate risk	Interest rate risk	Transferable deposits (cash equivalents)	Loans made collateralized with securities	Property (residential)	Interest rate futures	Bond options	Bond options	Currency swaps	Forward exchange rate agreement	Credit spread option
		3	3	3	3	3	3	3		3	3	3	3	3		3
		Regional government bonds	Commercial paper	Equity rights	Money market funds	Currency risk	Currency risk	Other deposits short term (less than one year)		Property (for own use)	Currency futures	Currency options	Currency options	Interest rate and currency swaps		Credit spread swap
		4	4	4	4	4	4	4	4	4		4	4			4
		Municipal government bonds	Money market instruments	Preferred equity	Asset allocation funds	Credit risk	Credit risk	Other deposits with term longer than one year	Mortgages	Property (under construction)		Warrants	Warrants			Total return swap
		5	5		5	5	5	5	5	5	5	5	5	5		
		Treasury bonds	Hybrid bonds		Real estate funds	Real estate risk	Real estate risk	Deposits to cedants	Other collateralized loans made	Plant and equipment (for own use)	Commodity futures	Commodity options	Commodity options	Security swaps		
		6	6		6	6	6					6	6			
		Covered bond	Common covered bonds		Alternative funds	Commodity risk	Commodity risk					Swaptions	Swaptions			
			7		7	7	7				7	7	7	7	7	7
			Covered bonds subject to specific law		Private equity funds	Catastrophe and Weather risk	Catastrophe and Weather risk				Catastrophe and Weather risk	Catastrophe and Weather risk	Catastrophe and Weather risk			
			8		8	8	8				8	8	8	8	8	8
	Subordinated bonds		Infrastructure funds	Mortality risk	Mortality risk				Mortality risk	Mortality risk	Mortality risk	Mortality risk	Mortality risk	Mortality risk		
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9		
Other	Other	Other	Other	Other	Other	Other	Other	Other	Other	Other	Other	Other	Other	Other		

Definition of CIC (as issued by EIOPA)

Assets listed in		Definition
Country	ISO 3166-1-alpha-2 country code	Identify the country ISO code where the asset is listed in. An asset is considered as being listed if it is negotiated on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/CE. If the asset is listed in more than one country, the country should be the one used as the reference for valuation purposes
XL	Assets that are not listed in a stock exchange	Identify assets that are not negotiated on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/CE
XT	Assets that are not exchange tradable	Identify assets that by their nature are not subject to be negotiated on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/CE. This includes assets categories 7, 8 and 9
Category		Definition
1	Government bonds	Bonds issued by public authorities, whether by central governments supra-national government institutions, regional governments or municipal governments
11	Central Government bonds	Bonds issued by central governments
12	Supra-national bonds	Bonds issued by public institutions established by a commitment between national states, e.g. issued by a multilateral development bank as listed in Annex VI, Part 1, Number 4 of the Capital Requirements Directive (2006/48/EC) or issued by an international organisation listed in Annex VI, Part 1, Number 5 of the Capital Requirements Directive (2006/48/EC)
13	Regional government bonds	Regional government or autonomous communities debt instruments offered to the public in a public offering on the capital market
14	Municipal government bonds	Bonds issued by municipalities, including cities, provinces, districts and other municipal authorities
15	Treasury bonds	Short term government bonds, issued by central governments (issued with a maturity term up to 1 year)
16	Covered bonds	Government bonds which have a pool of assets that secures or "covers" the bond if the originator becomes insolvent. The cover assets are restricted to cash flows from mortgages or public sector loans and those assets remain on the issuer balance sheet
19	Other	Other government bonds, not classified under the above categories
2	Corporate bonds	Bonds issued by corporations
21	Common bonds	Bonds issued by corporations, that don't fall into the categories identified below
22	Convertible bonds	Corporate bonds that the holder can convert into shares of common stock in the issuing company or cash of equal value, having debt and equity-like features
23	Commercial paper	Corporate bonds classifiable as money market securities, with original maturity lesser than 270 days
24	Money market instruments	Short term debt securities (original maturity lesser than 1 year), e.g. certificate of deposit, bankers' acceptances and other highly liquid instruments
25	Hybrid bonds	Corporate bonds that have debt and equity-like features, but are not convertible.
26	Common covered bonds	Corporate bonds which have a pool of assets that secures or "covers" the bond if the originator becomes insolvent. The cover assets are restricted to cash flows from mortgages or public sector loans and those assets remain on the issuer balance sheet
27	Covered bonds subject to specific law	Corporate bonds which have a pool of assets that secures or "covers" the bond if the originator becomes insolvent and are subject by law to special public supervision designed to protect bond-holders. On example of this category is Pfandbrief: "Covered bonds which are issued on the basis of the Pfandbrief Act. They are used to refinance loans for which collateral is furnished in the form of loans secured by real estate liens (Mortgage Pfandbriefe), public-sector loans (Public Pfandbriefe), ship mortgages (Ship Pfandbriefe) or aircraft mortgages (Aircraft Pfandbriefe). Thus, the distinction made between these Pfandbrief types refers to the cover pool created for each type of Pfandbrief."
28	Subordinated bonds	Corporate bonds which have a lower priority than other bonds of the issuer in case of liquidation.
29	Other	Other corporate bonds, not classified under the above categories
3	Equity	Shares representing corporations' capital, i.e., representing ownership in a corporation
31	Common equity	Equity that represent basic property rights on corporations
32	Equity of real estate related corporation	Equity representing capital from real estate related corporations
33	Equity rights	Rights to subscribe to additional shares of equity at a set price
34	Preferred equity	Equity security that is senior to common equity, having a higher claim on the assets and earnings than common equity, but are subordinate to bonds
39	Other	Other equity, not classified under the above categories
4	Investment funds	Undertakings the sole purpose of which is the collective investment in transferrable securities and/or in other financial assets
41	Equity funds	Investment funds mainly invested in equity
42	Debt funds	Investment funds mainly invested in bonds
43	Money market funds	Investment funds mainly invested in money market instruments
44	Asset allocation funds	Fund which invests its assets pursuing a specific asset allocation objective, e.g. primarily investing in the securities of companies in countries with nascent stock markets or small economies, specific sectors or group of sectors, specific countries of other specific investment objective
45	Real estate funds	Investment funds mainly invested in real estate
46	Alternative funds	Funds whose investment strategies include such as hedging, event driven, fixed income directional and relative value, managed futures, commodities etc.
47	Private equity funds	Investment funds used for making investments in equity securities following strategies associated with private equity.
48	Infrastructure funds	Funds that invest in utilities such as toll roads, bridges, tunnels, ports and airports, oil and gas distribution, electricity distribution and social infrastructure such as healthcare and educational facilities
49	Other	Other investment funds, not classified under the above categories
5	Structured notes	Hybrid securities, combining a fixed income instrument with a series of derivative components. Excluded from this category are fixed income securities that are issued by sovereign governments. Concerns to securities that have embedded all categories of derivatives, including Credit Default Swaps (CDS), Constant Maturity Swaps (CMS), Credit Default Options (CDO). Assets under this category are not subject to unbundling
51	Equity risk	Structured notes mainly exposed to equity risk
52	Interest rate risk	Structured notes mainly exposed to interest rate risk
53	Currency risk	Structured notes mainly exposed to currency risk
54	Credit risk	Structured notes mainly exposed to credit risk
55	Real estate risk	Structured notes mainly exposed to real estate risk
56	Commodity risk	Structured notes mainly exposed to commodity risk
57	Catastrophe and Weather risk	Structured notes mainly exposed to catastrophe or weather risk
58	Mortality risk	Structured notes mainly exposed to mortality risk
59	Other	Other structured notes, not classified under the above categories
6	Collateralised securities	Securities whose value and payments are derived from a portfolio of underlying assets. Includes Asset Backed Securities (ABS), Mortgage Backed securities (MBS), Commercial Mortgage Backed securities (CMBS), Collateralised Debt Obligations (CDO), Collateralised Loan Obligations (CLO), Collateralised Mortgage Obligations (CMO). Assets under this category are not subject to unbundling
61	Equity risk	Collateralised securities mainly exposed to equity risk
62	Interest rate risk	Collateralised securities mainly exposed to interest rate risk
63	Currency risk	Collateralised securities mainly exposed to currency risk
64	Credit risk	Collateralised securities mainly exposed to credit risk
65	Real estate risk	Collateralised securities mainly exposed to real estate risk
66	Commodity risk	Collateralised securities mainly exposed to commodity risk
67	Catastrophe and Weather risk	Collateralised securities mainly exposed to catastrophe or weather risk
68	Mortality risk	Collateralised securities mainly exposed to mortality risk
69	Other	Other collateralised securities, not classified under the above categories

Category		Definition
7	Cash and deposits	Money in the physical form, bank deposits and other money deposits
71	Cash	Notes and coins in circulation that are commonly used to make payments
72	Transferable deposits (cash equivalents)	Deposits exchangeable for currency on demand at par and which are directly usable for making payments by cheque, draft, giro order, direct debit/credit, or other direct payment facility, without penalty or restriction
73	Other deposits short term (less than one year)	Deposits other than transferable deposits, with remaining maturity inferior to 1 year, that cannot be used to make payments at any time and that are not exchangeable for currency or transferable deposits without any kind of significant restriction or penalty
74	Other deposits with term longer than one year	Deposits other than transferable deposits, with remaining maturity superior to 1 year, that cannot be used to make payments at any time and that are not exchangeable for currency or transferable deposits without any kind of significant restriction or penalty
75	Deposits to cedants	Deposits relating to reinsurance accepted
79	Other	Other cash and equivalents, not classified under the above categories
8	Mortgages and loans	Financial assets created when creditors lend funds to debtors, with collateral or not, including cash pools. Doesn't include loans on policies.
81	Uncollateralized loans made	Loans made without collateral
82	Loans made collateralized with securities	Loans made with collateral in the form of financial securities
84	Mortgages	Loans made with collateral in the form real estate
85	Other collateralized loans made	Loans made with collateral in any other form
89	Other	Other mortgages and loans, not classified under the above categories
9	Property	Buildings, land, other constructions that are immovable and equipment
91	Property (office and commercial)	Office and commercial building used for investment
92	Property (residential)	Residential buildings used for investment
93	Property (for own use)	Real estate for the own use of the undertaking
94	Property (under construction)	Real estate that is under construction, for future own usage or future usage as investment
95	Equipment (for own use)	Equipment for the own use of the undertaking
99	Other	Other real estate, not classified under the above categories
A	Futures	Standardised contract between two parties to buy or sell a specified asset of standardised quantity and quality at a specified future date at a price agreed today
A1	Equity and index futures	Futures with equity or stock exchange indices as underlying
A2	Interest rate futures	Futures with bonds or other interest rate dependent security as underlying
A3	Currency futures	Futures with currencies or other currencies dependent security as underlying
A5	Commodity futures	Futures with commodities or other commodities dependent security as underlying
A7	Catastrophe and Weather risk	Futures mainly exposed to catastrophe or weather risk
A8	Mortality risk	Futures mainly exposed to mortality risk
A9	Other	Other futures, not classified under the above categories
B	Call Options	Contract between two parties concerning the buying of an asset at a reference price during a specified time frame, where the buyer of the call option gains the right, but not the obligation, to buy the underlying asset
B1	Equity and index options	Call options with equity or stock exchange indices as underlying
B2	Bond options	Call options with bonds or other interest rate dependent security as underlying
B3	Currency options	Call options with currencies or other currencies dependent security as underlying
B4	Warrants	Call options that entitles the holder to buy stock of the issuing company at a specified price
B5	Commodity options	Call options with commodities or other commodities dependent security as underlying
B6	Swaptions	Call options granting its owner the right but not the obligation to enter into a long position in an underlying swap, i.e., enter into a swap where the owner pays the fixed leg and receive the floating leg
B7	Catastrophe and Weather risk	Call options mainly exposed to catastrophe or weather risk
B8	Mortality risk	Call options mainly exposed to mortality risk
B9	Other	Other call options, not classified under the above categories
C	Put Options	Contract between two parties concerning the selling of an asset at a reference price during a specified time frame, where the buyer of the put option gains the right, but not the obligation, to sell the underlying asset
C1	Equity and index options	Put options with equity or stock exchange indices as underlying
C2	Bond options	Put options with bonds or other interest rate dependent security as underlying
C3	Currency options	Put options with currencies or other currencies dependent security as underlying
C4	Warrants	Put options that entitles the holder to sell stock of the issuing company at a specified price
C5	Commodity options	Put options with commodities or other commodities dependent security as underlying
C6	Swaptions	Put options granting its owner the right but not the obligation to enter into a short position in an underlying swap, i.e., enter into a swap in which the owner will receive the fixed leg, and pay the floating leg
C7	Catastrophe and Weather risk	Put options mainly exposed to catastrophe or weather risk
C8	Mortality risk	Put options mainly exposed to mortality risk
C9	Other	Other put options, not classified under the above categories
D	Swaps	Contract in which counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument, and the benefits in question depend on the type of financial instruments involved
D1	Interest rate swaps	Swap that exchange interest flows
D2	Currency swaps	Swap that exchange currency
D3	Interest rate and currency swaps	Swap that exchange interest and currency flows
D5	Security swaps	Swap that exchange securities
D7	Catastrophe and Weather risk	Swaps mainly exposed to catastrophe or weather risk
D8	Mortality risk	Swaps mainly exposed to mortality risk
D9	Other	Other swaps, not classified under the above categories
E	Forwards	Non-standardised contract between two parties to buy or sell an asset at a specified future time at a price agreed today
E1	Forward interest rate agreement	Forward contract in which one party pays a fixed interest rate, and receives a floating interest rate equal to a underlying rate, at the predefined forward date
E2	Forward exchange rate agreement	Forward contract in which one party pays an amount in one currency, and receives an equivalent amount in a different currency resulting from the conversion using the contractual exchange rate, at the predefined forward date
E7	Catastrophe and Weather risk	Forwards mainly exposed to catastrophe or weather risk
E8	Mortality risk	Forwards mainly exposed to mortality risk
E9	Other	Other forwards, not classified under the above categories
F	Credit derivatives	Derivative whose value is derived from the credit risk on an underlying bond, loan or any other financial asset
F1	Credit default swap	Credit derivative transaction in which two parties enter into an agreement whereby one party pays the other a fixed periodic coupon for the specified life on the agreement and the other party makes no payments unless a credit event relating to a predetermined reference asset occurs
F2	Credit spread option	Credit derivative that will generate cash flows if a given credit spread between two specific assets or benchmarks changes from its current level
F3	Credit spread swap	A swap in which one party makes a fixed payment to the other on the swap's settlement date and the second party pays the first an amount based on the actual credit spread
F4	Total return swap	A swap in which the non-floating rate side is based on the total return of an equity or fixed income instrument with the life longer than the swap
F9	Other	Other credit derivatives, not classified under the above categories