

FROM: Ian. K. Wootten
LOCATION: STFO, CH/L4
EXTENSION: 2098
DATE: 24th April 2003
REFERENCE: Y3042
SUBJECT: LLOYD'S CENTRAL ACCOUNTING – U S
DOLLAR SETTLEMENT
SUBJECT AREA(S):
ATTACHMENTS:
ACTION POINTS: **To ensure that you have completed the relevant**
documentation to move to automated debits for USD
DEADLINE: **30th May 2003**

The current U S Dollar settlement process uses Mandated Currency Debits (MCD's) through the London Dollar Clearing system operated by APACS (The Association of Payment and Clearing Services) to debit brokers' IBA accounts.

This MCD process involves considerable manual effort at the banking end, and Lloyd's has been advised that charges for this service will significantly increase as more users migrate to automated processes.

I wish to inform you that we have also been advised that our access to the MCD system may be terminated later this year. We want to preserve the current level of settlement service, and at the same time prevent a possible repeat of the problems experienced when APACS withdrew the Canadian Dollar clearing facility last year. Ongoing costs to the Lloyd's market can also be contained by fully automating as much of the settlement process as possible. Lloyd's therefore intends to migrate the current manual MCD system, which is both expensive and outdated to Citibank's Electronic Banking platform in the first half of 2003. This process will enable Lloyd's to initiate payments from Brokers' accounts electronically via the Multi Bank Transaction Initiation (MBTI) process.

To facilitate this move Lloyd's has held meetings with the major banks to discuss the best way to migrate to the automated service without unduly affecting the settlement service.

The result of these meetings is that the following banks will be contacting their customers directly to ask them to complete the relevant documentation:

Bank	Contact Name	Telephone Number
Lloyds TSB	Allison Fury	020 7661 4649
Barclays Bank	Paul Hendra	020 7669 3309
Coutts & Co	Jonathan Perham	020 7214 4022
Royal Bank of Scotland	Ian Marshall	0131 523 7914
Natwest	Ian Marshall	0131 523 7914
Bank of Scotland	Janice Webster	0141 228 4439

HSBC Bank have instructed us to inform you to contact your relationship manager to obtain the relevant documentation which needs to be signed to allow the processing of MT101's by Lloyd's against your account.

If your bank is not one of those listed above can you please contact your relationship manager to obtain the relevant documentation which need to be signed to allow the processing of MT101's against your account.

To ensure that the service is continuous we would ask you to return any documentation requested by your bank as soon as possible, with a deadline of the 30th May 2003 so that we are able to migrate the service by mid year. Can a copy of this documentation also be sent to Nicky Killyleagh-Brown for information purposes.

If you have any queries regarding this bulletin please contact Nicky Killyleagh-Brown in respect of documentation or Donna Caddy regarding the process.

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nicola.killyleagh-brown@ins-sure.com
 Xchanging ins-sure services
 Gun Wharf,
 Dock Road,
 Chatham,
 Kent. ME4 4TU

Donna Caddy 01634 392693
Donna.j.caddy@lloyds.com