

FROM: Philip Jones, Financial Controller
LOCATION: 86/G5
EXTENSION: 5314
DATE: 8 December, 2003
REFERENCE: Y3207
SUBJECT: 2004 MEMBERS' SUBSCRIPTIONS AND
FRANCHISE PERFORMANCE & RISK
MANAGEMENT CHARGE
SUBJECT AREA(S):
ATTACHMENTS:
ACTION POINTS: **Pro forma due 19 December, 2003**
Payments due 5 January, 2004
DEADLINE: **Immediate**

Further to the Market Bulletin of 4 September 2003 reference Y3134 and that of 8 December 2003 reference Y3206, this Market Bulletin outlines the arrangements for the collection of the first instalment of the 2004 Members' Subscription and 2004 Franchise Performance and Risk Management Charge.

2004 Members' Subscriptions

Arrangements for the collection of the first instalment of the 2004 Members' Subscriptions will be the same as those for the 2nd instalment of the 2003 subscriptions. This will be settled via the Lloyd's Central Accounting System on **5 January 2004** and invoices will be issued by 23 December, 2003.

2004 Franchise Performance and Risk Management Charge

In respect of the 2004 Franchise Performance and Risk Management Charge, electronic pro forma schedules can be found on the MSU Returns Website. These schedules must be completed and returned by 19 December, 2003. A copy of these schedules along with instructions on how to complete them are attached to this Market Bulletin. Using the electronic form, enter syndicate details and capacity, as appropriate and the amount due will be calculated automatically. The due date for the payment of the first instalment of the Franchise Performance & Risk Management Charge is **5 January 2004**. Payments should be made by CHAPS to the following:

Bank: National Westminster Bank plc
City of London Office
1 Princes Street
London, EC2R 8PA
Bank Sort Code: 60-00-01
Account Title: Corporation of Lloyd's
Account Number: 13626469

Financial Control will be issuing invoices during January 2004 in respect of these charges.

Members' Subscriptions for 2004 are Exempt from VAT as per Market Bulletin Y2870 issued on 13 September 2002. No VAT is chargeable on the Franchise Performance and Market Risk Charge.

Interest is chargeable for late remittances at a rate of 5% over NatWest base lending rate.

Completed forms should be sent by e-mail to <mailto:carolyn.m.smith@lloyds.com> or by post to:

Carolyn Smith
Financial Control
Corporation of Lloyd's
Gun Wharf
Dock Road
Chatham
Kent ME4 4TU

This Market Bulletin has been sent to all underwriting agents, including corporate advisers. All enquiries should be addressed to Carolyn Smith on Lloyd's extension 2922 or 01634 392922.

The second instalment of the 2004 Members' Subscriptions and Franchise Performance & Risk Management Charge will be due on 1 June 2004.

Philip Jones
Financial Controller

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Instructions for Completion of Forms
Form A – For Managing Agents
Form B – For Members' Agents and Lloyd's Advisers
Example for Managing Agents
Example for Members' Agents and Lloyd's Advisers

INSTRUCTIONS FOR COMPLETION OF FORMS

Form A – For Managing Agents

1. Electronic Completion

- I. Only enter data into the shaded areas
- II. Enter Name of firm
- III. Enter Syndicate Nos. in first shaded column
- IV. Enter syndicate allocated capacity for each managed syndicate in the adjacent shaded column. All capacity must be completed in round £'s only
- V The total amounts due will be calculated automatically

2. Manual Completion

- I. Enter Name of firm
- II. Complete all boxes in Sections 1 and 2
- III. Capacity must be entered in round £'s, all other monetary fields must be completed in £'s and pence
- IV. See completed example attached to Market Bulletin

Form B – For Members' Agents and Lloyd's Advisers

1. Electronic Completion

- I. Only enter data into the shaded areas.
- II. Enter Name of Firm.
- III. Enter total gross allocated capacity in round £'s only
- IV. The total amounts due will be calculated automatically

2. Manual Completion

- I. Enter Name of firm.
- II. Enter total capacity and complete all boxes in Section 1
- III. Capacity must be entered in round £'s, all other monetary fields must be completed in £'s and pence
- IV. See completed example attached to Market Bulletin

If you have any queries relating to the completion of the forms please contact Carolyn Smith on Lloyd's extension 2922 or 01634 392922

FORM A

FOR MANAGING AGENTS

2004 FRANCHISE PERFORMANCE & RISK MANAGEMENT CHARGE

Name of firm:

1. Franchise Performance & Risk Management Charge - First instalment due 5 January 2004

	SYNDICATE Nos.	SYNDICATE ALLOCATED CAPACITY for 2004 £
Totals	0	£0

Please enter syndicate numbers and syndicate allocated capacity for the 2004 year of account in the table

a) Minimum capacity fee

if managed capacity for the 2004 year of account is >£0 & <=£50m then fee is £15,500	
if managed capacity for the 2004 year of account is >£50m & <=£150m then fee is £95,050	
if managed capacity for the 2004 year of account is >£150m & <=£250m then fee is £190,650	
if managed capacity for the 2004 year of account is >£250m & <=£500m then fee is £270,250	
if managed capacity for the 2004 year of account is >£500m then fee is £325,500	
	£0.00

b) Additional capacity fee

if managed capacity for the 2004 year of account is >£0 & <=£50m then charge is 0.1591% x managed capacity	
if managed capacity for the 2004 year of account is >£50m & <=£150m then charge is 0.0956% x managed capacity over £50m	
if managed capacity for the 2004 year of account is >£150m & <=£250m then charge is 0.0796% x managed capacity over £150m	
if managed capacity for the 2004 year of account is >£250m & <=£500m then charge is 0.0221% x managed capacity over £250m	
if managed capacity for the 2004 year of account is >£500m then charge is 0.0201% x managed capacity over £500m	
	£0.00

c) Syndicate fee

At £11,000 per syndicate for the 2004 year of account	£0.00
Total Franchise Performance & Risk Management Charge for 2004	£0.00

50% of Total Franchise Performance & Risk Management Charge payable by CHAPS on 5 January 2004	£0.00
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No VAT is payable on the Franchise Performance & Risk Management Charge

Please e-mail the completed version of this form to carolyn.m.smith@lloyds.com
<mailto:carolyn.m.smith@lloyds.com>

Chaps payments or bank transfers should be made to the Corporation of Lloyd's Account No. 13626469 at National Westminster Bank, City of London Office, PO Box 12258, 1 Princes Street, London EC2R 8PA. Branch sort code 60-00-01.

Please contact Carolyn Smith to make alternative arrangements if you are unable to make a CHAPS payment.

Interest is chargeable at 5% over Nat West Base Rate on overdue amounts.

FORM B

**FOR MEMBERS' AGENTS AND LLOYD'S ADVISERS
2004 FRANCHISE PERFORMANCE & RISK MANAGEMENT CHARGE**

Name of firm:

Please enter gross allocated capacity of members for whom the members' agent acts or syndicate participation placed by Lloyd's adviser for the 2004 year of account

Total Capacity £ £

1. Franchise Performance & Risk Management Charge - First instalment due 5 January 2004

a) Minimum capacity fee

if capacity for the 2004 year of account is >£0 & <=£50m then fee is £20,700	
if capacity for the 2004 year of account is >£50m & <=£150m then fee is £33,000	
if capacity for the 2004 year of account is >£150m & <=£250m then fee is £57,600	
if capacity for the 2004 year of account is >£250m then fee is £69,900	
	£0.00

b) Additional capacity fee

if capacity for the 2004 year of account is >£0 & <=£50m then charge is 0.0246% x capacity	
if capacity for the 2004 year of account is >£50m & <=£150m then charge is 0.0246% x capacity over £50m	
if capacity is for the 2004 year of account is >£150m & <=£250m then charge is 0.0123% x capacity over £150m	
if capacity is for the 2004 year of account is >£250m then charge is 0.0074% x capacity over £250m	
	£0.00

Total Franchise Performance & Risk Management Charge for 2004	£0.00
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50% of Total Franchise Performance & Risk Management Charge payable by CHAPS by 5 January 2004	£0.00
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No VAT is payable on the Franchise Performance & Risk Management Charge

Please e-mail the completed version of this form to carolyn.m.smith@lloyds.com
<mailto:carolyn.m.smith@lloyds.com>

Chaps payments or bank transfers should be made to the Corporation of Lloyd's Account No. 13626469 at National Westminster Bank, City of London Office, PO Box 12258, 1 Princes Street, London EC2R 8PA. Branch sort code 60-00-01.

Please contact Carolyn Smith to make alternative arrangements if you are unable to make a CHAPS payment.

Interest is chargeable at 5% over Nat West Base Rate on overdue amounts.

EXAMPLE: FORM A

FOR MANAGING AGENTS

2004 FRANCHISE PERFORMANCE & RISK MANAGEMENT CHARGE

Name of firm: XYZ SYNDICATE MANAGEMENT

1. Franchise Performance & Risk Management Charge - First instalment due 5 January 2004

SYNDICATE Nos.	SYNDICATE ALLOCATED CAPACITY for 2004 £
X	100,000,000
Y	20,000,000
Z	50,000,000
Totals	£170,000,000

Please enter syndicate numbers and syndicate allocated capacity for the 2004 year of account in the table

a) Minimum capacity fee

if managed capacity for the 2004 year of account is >£0 & <=£50m then fee is £15,500	
if managed capacity for the 2004 year of account is >£50m & <=£150m then fee is £95,050	
if managed capacity for the 2004 year of account is >£150m & <=£250m then fee is £190,650	
if managed capacity for the 2004 year of account is >£250m & <=£500m then fee is £270,250	
if managed capacity for the 2004 year of account is >£500m then fee is £325,500	
	£190,650.00

b) Additional capacity fee

if managed capacity for the 2004 year of account is >£0 & <=£50m then charge is 0.1591% x managed capacity	
if managed capacity for the 2004 year of account is >£50m & <=£150m then charge is 0.0956% x managed capacity over £50m	
if managed capacity for the 2004 year of account is >£150m & <=£250m then charge is 0.0796% x managed capacity over £150m	
if managed capacity for the 2004 year of account is >£250m & <=£500m then charge is 0.0221% x managed capacity over £250m	
if managed capacity for the 2004 year of account is >£500m then charge is 0.0201% x managed capacity over £500m	
	£15,920.00

c) Syndicate fee

At £11,000 per syndicate for the 2004 year of account	£33,000.00
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Total Franchise Performance & Risk Management Charge for 2004	£239,570.00
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50% of Total Franchise Performance & Risk Management Charge payable by CHAPS on 5 January 2004	£119,785.00
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No VAT is payable on the Franchise Performance & Risk Management Charge

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Chaps payments or bank transfers should be made to the Corporation of Lloyd's Account No. 13626469 at National Westminster Bank, City of London Office, PO Box 12258, 1 Princes Street, London EC2R 8PA. Branch sort code 60-00-01.

Please contact Carolyn Smith to make alternative arrangements if you are unable to make a CHAPS payment.

Interest is chargeable at 5% over Nat West Base Rate on overdue amounts.

EXAMPLE FORM B

FOR MEMBERS' AGENTS AND LLOYD'S ADVISERS

2004 FRANCHISE PERFORMANCE & RISK MANAGEMENT CHARGE

Name of firm:

ABC MEMBERS' AGENT

Please enter gross allocated capacity of members for whom the members' agent acts or syndicate participation placed by Lloyd's adviser for the 2004 year of account

£

Total Capacity £550,000,000

£

1. Franchise Performance & Risk Management Charge - First instalment due 5 January 2004

a) Minimum capacity fee

if capacity for the 2004 year of account is >£0 & <=£50m then fee is £20,700	
if capacity for the 2004 year of account is >£50m & <=£150m then fee is £33,000	
if capacity for the 2004 year of account is >£150m & <=£250m then fee is £57,600	
if capacity for the 2004 year of account is >£250m then fee is £69,900	
	£69,900.00

b) Additional capacity fee

if capacity for the 2004 year of account is >£0 & <=£50m then charge is 0.0246% x capacity	
if capacity for the 2004 year of account is >£50m & <=£150m then charge is 0.0246% x capacity over £50m	
if capacity is for the 2004 year of account is >£150m & <=£250m then charge is 0.0123% x capacity over £150m	
if capacity is for the 2004 year of account is >£250m then charge is 0.0074% x capacity over £250m	
	£22,200.00

Total Franchise Performance & Risk Management Charge for 2004	£92,100.00
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	£
50% of Total Franchise Performance & Risk Management Charge payable by CHAPS by 5 January 2004	£46,050.00

No VAT is payable on the Franchise Performance & Risk Management Charge

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Please contact Carolyn Smith to make alternative arrangements if you are unable to make a CHAPS payment.

Interest is chargeable at 5% over Nat West Base Rate on overdue amounts.