

# MARKET BULLETIN

REF: Y3979

**Title** LLOYD'S NEW CENTRAL FUND 2007 CONTRIBUTIONS AND SYNDICATE LOANS

**Purpose** To advise Managing Agents that the 2007 New Central Fund contributions and syndicate loans, which were included in MB Y3875 issued on 27 September 2006, will be collected on 2 April 2007. New Central Fund contributions in respect of qualifying quota share arrangements outside the Lloyd's market will be collected on 8 May 2007. All collections will be made via the Lloyd's Central Accounting System.

**Type**

**From** Mat Stone Financial Control (extn 2202)

**Date** 14 March 2007

**Deadline** 20 March 2007

**Related links**

The principal New Central Fund contribution rates and syndicate loan rates for 2007 are:

	Members (other than New Corporate Members as defined below)	New Corporate Members (Joining in 2005)	New Corporate Members (Joining in 2006)	New Corporate Members (Joining in 2007)
New Central Fund Contributions	1.00%	2.00%	2.00%	2.00%
Syndicate Loans	0.75%	0.75%	0.75%	0.75%
<b>Total Rate Applicable</b>	<b>1.75%</b>	<b>2.75%</b>	<b>2.75%</b>	<b>2.75%</b>

**New Central Fund Contributions**

The annual New Central Fund contribution rate payable by all members (other than new corporate members underwriting on new syndicates) for the 2007 year of account is 1.00% of a member's syndicate premium limit in respect of each syndicate of which he is a member.

New corporate members who joined in 2005 will continue to pay double the standard rate of contribution for their third year of operation at Lloyd's.

New corporate members who joined in 2006 will also pay double the standard rate for their second and third year of operation at Lloyd's.

New corporate members for 2007 will pay 2.0% for each of their first three years of operations. It should be noted that if a member writes on a mix of existing and new syndicates, then the higher rate will only be payable in respect of its participations on new syndicates.

Within the category of new corporate members the increased charges do not apply to:

- Conversion vehicles which meet the current definition of a "successor corporate member" in the Membership (Entrance Fees and Annual Subscriptions) Byelaw – i.e. in broad terms, any vehicle which is 85% owned by converting Names
- New corporate members which only participate on *existing syndicates*.

#### Syndicate loans

MB Y3394 dated 17 September 2004 set out the requirements pursuant to which members will be required to make the syndicate loans. At its meeting on 2 March 2005 the Council amended these requirements. The amendments were made to ensure that Lloyd's fully complies with the FSA's Integrated Prudential Sourcebook requirements and to ensure that the subordination provisions track the subordination provisions in the Lloyd's subordinated notes issued in November 2004.

The rate for the syndicate loans has been set at 0.75% of a member's syndicate premium limit in respect of each syndicate of which he is a member for 2007.

Interest will be paid at a rate equal to the total return recorded during the interest period by the Merrill Lynch 1-3 Year Government Bond Index relevant to the currency of account of the loan, less an administrative charge of 0.07% per annum of loan values. If the annual interest calculation generates a negative amount then the interest amount will be zero. Statements of 'accrued' interest amounts have been provided to agents quarterly. Interest payments for the year ended 31 March 2007, subject to Council approval on 28 March 2007, will be settled via Lloyd's Central Accounting on 16 April 2007.

For advice on solvency, capital, and accounting treatment please refer to MB Y3394.

#### Settlement Arrangements

As advised in MB Y3394, syndicates have the option to settle their New Central Fund contributions and syndicate loans in sterling or US dollars.

Please notify Tina Bull **by 20 March 2007** if the New Central Fund contributions and / or the syndicate loans are to be paid in US dollars. It should be noted that all settlements for the 2007 year will be made in the currencies selected now. This arrangement can be changed for 2008.

For those wishing to pay in US dollars the amount to be collected will be calculated by reference to the middle closing exchange rate published in the FT on 19 March 2007.

Advices detailing amounts due will be issued on 26 March 2007 for settlement via Central Accounting on 2 April 2007 and by 1 May for settlement via Central Accounting on 8 May 2007

Any queries or feedback in relation to this market bulletin should be addressed to Mat Stone on ext 2202 or by e-mail to [mat.stone@lloyds.com](mailto:mat.stone@lloyds.com) or Tina Bull on ext 2252 or by e-mail to [tina.bull@lloyds.com](mailto:tina.bull@lloyds.com)

This bulletin has been sent to all managing agents.

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Financial Reporting  
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