

MARKET BULLETIN

REF: Y4076

Title	Additional Securities Limited – Admissible Assets for Solvency Purposes
Purpose	Advise managing agents of the general waiver of consent given by the Financial Services Authority
Type	Scheduled
From	John Parry, Head, Market Finance Contact details: 020 7327 5129, john.parry@lloyds.com
Date	8 November 2007
Deadline	31 December 2007
Related links	http://www.fsa.gov.uk/Pages/Doing/Regulated/Notify/Waiver/Consent/index.shtml

Summary

Compliance Officers should note the procedure to be followed so that debts due from Additional Securities Ltd (ASL) are not restricted for solvency purposes to the INSPRU 2.1.22R asset concentration level of 1%. **Action is required by 31 December 2007.**

Background

The prudential rules applying to Lloyd's require managing agents to calculate and manage capital resources and other prudential requirements for syndicates. INSPRU 2.1.22R applies to managing agents in respect of syndicate assets. This means that the only party which may have benefit of the waiver is the managing agent for an affected syndicate and not the Society.

General Waiver by Consent

The FSA have agreed to extend the general waiver by consent, due to expire on 31 December 2007, so that debts due from ASL may be allowable up to **10% for solvency purposes**. This operates, as effectively, an invitation to managing agents to take up a waiver which is available on the FSA website, subject to managing agents meeting the criteria for granting of the waiver and that managing agents comply with the conditions. Under this process the waiver has been produced in a standard form and managing agents which need to take advantage of the waiver should write in to

the FSA **before 31 December 2007**. Letters can be e-mailed to the waivers team at the FSA via centralwaiversteam@fsa.gov.uk. Details of the modification can be found on the FSA website (see above).

As a process of granting the waiver of consent managing agents should note that the FSA has accepted Lloyd's argument that the tests under s148 Financial Services & Markets Act 2000 on undue burden and / or purpose and no undue risk have been met which would otherwise apply to managing agents if the waiver was not given. Further Lloyd's has satisfied the conditions in relation to ASL set out in the modification direction.

If you have any queries relating to this bulletin, please address them to Kevin Nethersell extension 6253 (kevin.nethersell@lloyds.com) or Mike Steer extension 5709 (mike.steer@lloyds.com). This bulletin is being sent to all managing agents, recognised accountants, and market associations for information.