

MARKET BULLETIN

REF: Y4232

Title	2008 year end returns – exchange rates, major losses and other information
Purpose	To provide managing agents with information required for the completion of the 2008 year end return including suggested exchange rates and the list of major losses to be reported.
Type	Scheduled
From	Robert Smith, Manager, UK Reporting, Market Finance Contact details: 020 7327 5459 robert.smith@lloyds.com
Date	2 January 2009
Deadline	QMA – Thursday 26 February 2009 QMB – Thursday 5 March 2009
Related links	

The purpose of this bulletin is to provide the suggested exchange rates (Appendix 1) and the list of major losses (Appendix 2) together with other information relevant to the completion of the year end returns.

Deadlines

The submission dates for the Q4 2008 QMR are: QMA, 26 February 2009; QMB 5 March 2009. QMRs are to be submitted by 2:00pm on these dates.

Other information

Managing agents are reminded that year end prices for securities held by Citibank and Royal Trust are indicative only. In view of the recent volatile market conditions, some securities may not be valued accurately and therefore we advise managing agents to review all of their holdings and challenge prices as per the timetable in appendix 1 of market bulletin Y4212.

<http://www.lloyds.com/NR/ronlyres/1B07D10F-C4C6-47CF-9199-5FD6E6D09B98/0/Y4212.pdf>

There may be similar issues with other custodians and therefore you may wish to check the basis for securities pricing with your providers.

Note in QMR990 on write down of investments

In light of the ongoing turmoil in the financial markets, Lloyd's is dealing centrally with a number of data requests from our external stakeholders including the FSA and the rating agents. It is critical, therefore, that we have up to date information and agents must advise us as soon as possible of any material write downs of investments or exposures to institutions in default. This will help avoid misstatements and later misunderstandings.

In addition to this, please would you provide the following information on QMR990:

- (1) Details of investments with any material subprime exposure (greater than 5% of financial assets in aggregate) **or** confirm that you have no investments with exposure greater than 5%.
- (2) Please provide further information on individual or groups of related securities where the original value (or the value as at 31 December 2007) is more than 2% of total assets and where impairment has;
 - 2.1 led to a loss of more than 25% of the original value (or the value as at 31 December 2007) or
 - 2.2 led to a loss of more than 1% of capacity (most recent year of account).

Please provide the following details:

- issuer
- currency
- current market value in original currency
- loss taken to the P&L in original currency (including all realised and unrealised losses)

- (3) Please provide the above information for all holdings in Lehman Brothers or in default irrespective of size or whether in default after the reporting date.

Please note, further requests for information may be required and if so will be communicated in the FAQs.

Reporting performance issues

We would encourage all agents to report any issues they have with the performance of the software and accessing the systems as soon as they arise. This will enable the ITG help desk to help resolve the issue earlier in the process and enable us to monitor service levels in real time and respond quickly as issues emerge. The contact details for the Data Management team 020 7327 5252 (e-mail: ITGDataManagement@Lloyds.com).

Queries

Any queries or comments on the return should be submitted via e-mail to Market Reporting (lloyds-MRD-ReturnQueries@lloyds.com).

Robert Smith

Rates of Exchange

The settlement currency rates as at 31 December 2008 (balance sheet) and the average currency rates (profit and loss account) over the twelve month period to 31 December 2008 are as follows (to the £):

	Period end	Average
US dollars	1.44	1.85
Canadian dollars	1.77	1.96
Euro	1.03	1.26
South African rand	13.29	15.15
Australian dollar	2.06	2.19
Japanese yen	130.33	192.23
Swiss franc	1.53	2.00
Hong Kong dollar	11.14	14.43
Swedish krona	11.37	12.09
Danish krone	7.70	9.38
Norwegian krone	10.07	10.34

You are not required to use the above rates in your QMR submission but you may use the rates set out above in completing the return.

Major losses

The XIS catastrophe codes which must be reported in the Q4 QMB800 are:

1	05H	Hurricane Katrina
2	05L	Hurricane Rita
3	05M	Hurricane Wilma
4	07A	Windstorm Kyrill
5	07C	UK Floods - 21 to 29 June 2007
6	07E	UK Floods - from 20 July 2007
7	07J	California Fires – October 2007
8	08A	BA undershot runway at Heathrow – 17 January 2008
9	08B	Explosion at Severstal furnace, Dearborn USA – 5 January 2008
10	08C	Pipe failure & fire at Varanus Island, Western Australia – 3 June 2008
11	08D	Spanair, crashed on takeoff, Madrid - 20 August 2008
12	08E	Hurricane Gustav
13	08F	Hurricane Ike
14	08G	Los Angeles Fires – November 2008
15	FINC	Turmoil in financial markets post Lehman Brothers
16	MADO	Collapse of Madoff Investment Securities LLC
17	SUBS	Losses arising from sub prime

Agents are reminded that if they have any loss to be reported on QMB800 that does not have an XIS catastrophe code they need to ensure that the loss has been allocated a major loss code. Details of the procedure for obtaining a major loss code will be issued in an e-mail on 2 January 2009. The deadline for submission of requests for new major loss codes to Market Reporting is Friday 30 January.

Major loss codes assigned for 2008 to date are:

1	08ZA	Hon Hai (Brazil)
2	08ZB	Australia Floods (January 2008)
3	08ZC	Australia Floods (February 2008)
4	08ZD	Kolon Chemical (Korea)
5	08ZE	Fonterra Icepak (New Zealand)
6	08ZF	Satellite AMC 14
7	08ZG	Lehman Brothers – Japanese loan fraud only
8	08ZH	US Tornadoes (Feb 2008)
9	08ZI	China Earthquake
10	08ZJ	Taca Airlines crash (Honduras)
11	08ZK	Damage to Subsea flowline pipe
12	08ZL	Princess of Stars capsized (Philippines)
13	08ZM	BHP Billiton (Queensland)
14	08ZN	SAG Mill outage (Peru)
15	08ZP	Alon Refinery fire (Texas)

16	08ZQ	Imperial Sugar explosion (Georgia)
17	08ZR	Universal Studios fire (California)
18	08ZS	Satellite Nigcosat
19	08ZT	Damage to subsea pipeline, India – 6 th June 2008
20	08ZU	Damage to piggyback pipeline, India 2 nd July 2008
21	08ZW	Maersk Oil and Gas
22	08ZX	Mississippi River Oil Spill

Please note:

Major loss code 08ZB has previously been assigned to the Australia floods in January 2008, to also include losses relating to BHP Billiton. However, can you now please use code 08ZM for specific BHP losses, and continue to use 08ZB for any other losses relating to the floods.

Code 08ZG should only be used for losses relating to Lehman Brothers/Marubeni Corp Japanese loan fraud.