

MARKET BULLETIN

REF: Y4606

Title	Additional Securities Limited (ASL) - July 2012 loan adjustments
Purpose	To inform Managing Agents of the July 2012 Collection & Distribution Exercise and the 2 nd Income Distribution on 2011 loans due to take place on 26 July 2012
Type	Scheduled
From	Gurdip Sappal Treasury & Investment Management
Date	9 July 2012
Deadline	Queries to be raised by 20 July 2012
Related links	

Syndicate accountants will receive individual statements via Central Accounting detailing their collection requirements for 2012 and distribution of 2011 loans.

The July adjustments this year will consist of;

- a principle collection and distribution of funds for Singapore, Lloyd's Asia and Cayman Islands;
- a second income distribution on 2011 loans.

2012 Collection

The 2012 collection will take place on the 26 July. The July collection is expected to consist of Singapore, Lloyd's Asia and the Cayman Islands. The Hong Kong collection has been moved to the main collection which took place earlier this year in April.

2nd period interest and foreign exchange distribution: 2011/12 loans

On 26 April 2012, ASL distributed 2011 loans for Hong Kong, Australia, Namibia, Papua New Guinea and the Caribbean countries back to syndicates with interest for the period up until 31 December 2011 and foreign exchange movements to 31 March 2012. The 2nd period adjustment includes interest from 1 January 2012 to 26 April 2012 and foreign exchange movements from 1 April to 26 April 2012.

Basis of Apportionment

Each syndicate's deposit requirement will be collected from the appropriate year of account which has given rise to the local funding requirement based on 2010 calendar years premium income data and claims data as appropriate.

ASL Investment and Hedging policy

Where permitted by local insurance regulations and achievable within local financial markets, ASL's assets are invested in high quality money-market (maximum 12 months maturity). However regulators in many jurisdictions require some assets to be invested in longer-term debt instruments, therefore the capital value of these assets are affected by movements in local interest rates.

ASL ceased foreign exchange hedging activity in June 2001 and agents are reminded of this each year prior to the annual funding of ASL. As a result, the sterling value of syndicate assets invested by ASL will fluctuate in line with movements in the currency of investment.

Agents are free to arrange appropriate hedging activity on behalf of their syndicates when deemed necessary. Lloyd's Treasury may be able to assist in completing such hedging arrangements, if required.

Syndicate Statements & Settlement

Individual syndicate statements will be sent to managing agents through the Central Accounting system by 18 July 2012 and queries should be raised by close of business 20 July 2012.

A single sterling settlement to/from syndicates' Premium Trust Funds will be processed via Central Accounting on Thursday 26 July 2012.

Any queries should be directed to Gurdip Sappal on 020 7327 5762 or Matt Stone 01634 392202 or by sending an email to Gurdip.Sappal@lloyds.com