

# MARKET BULLETIN

REF: Y4908

<b>Title</b>	Additional Securities Limited (ASL) - July 2015 loan adjustments
<b>Purpose</b>	To inform Managing Agents of the July 2015 Collection & Distribution due to take place on 29 July 2015
<b>Type</b>	Scheduled
<b>From</b>	Gurdip Sappal Treasury & Investment Management
<b>Date</b>	02 July 2015
<b>Related Items</b>	Market Bulletin Y4877

Syndicate accountants will receive individual statements via Central Accounting detailing their collection requirements for 2015 and distribution of 2014 loans.

The July adjustments this year will consist of;

- a principle collection and distribution of funds for Singapore, Lloyd's Asia and Cayman Islands;
- refund of surplus funds in relation to Namibia

## 2015 Collection

The 2015 collection will take place on the 29 July. The July collection is expected to consist of Singapore, Lloyd's Asia and the Cayman.

## 2nd period interest and foreign exchange distribution: 2014/15 loans settled on 29 May 2015

On 27 April 2015, ASL distributed 2014 loans for Australia, Bahamas, Grenada, Hong Kong, Namibia, St Vincent and Trinidad & Tobago back to syndicates with interest for the period up until 31 December 2014 and foreign exchange movements to 31 March 2015. The 2nd period adjustment included interest from 1 January 2015 to 27 April 2015 and foreign exchange movements from 1 April to 27 April 2015. This was settled on 29 May 2015.

### **Basis of Apportionment**

For those countries where collections are made, 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 the 2014 calendar year signed premium data from XIS.

### **Adjustment per Syndicate**

The actual amount due to be collected in respect of the 2015 loans will be in local currency as described in market bulletin Y4877. The return will consist of the 2014 deposit principal, plus income earned to 31 March 2015 and foreign exchange gains/losses to 30 June 2015 in GBP. Accordingly, a sterling settlement to syndicates PTFs will be processed via central accounting, in addition to a local currency collection both on Wednesday 29 July 2015.

Interest for the period 1 April to 29 July 2015 and foreign exchange gains/losses for the period 1 July to 29 July 2015 will be distributed on or around Friday 28th August 2015.

### **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 may conclude that hedging is appropriate to their particular circumstances and are free to arrange appropriate hedging activities on behalf of such syndicates. Lloyd's Treasury & Investment Management, [treasuryoperations@lloyds.com](mailto:treasuryoperations@lloyds.com) may be able to assist in such hedging arrangements if required.

### **ASL Insurance**

Following approval from the Franchise Board, Council and the LMA Board, ASL no longer insures any of the ASL regulatory deposits effective from the 1 January 2012.

### **Syndicate Statements & Settlement**

Syndicate statements will be sent to managing agents through the Central Accounting system by 22 July 2015.

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