

MARKET BULLETIN

REF: Y4978

Title	Capacity Markets
Purpose	To inform the market of changes to the Major Syndicate Transactions Byelaw – Syndicate Cessations
Type	Event
From	Chairman of the Capacity Transfer Panel
Date	11 March 2016
Deadline	Notice of intention to effect a syndicate cessation to be sent by 31 August each year
Related links	Major Syndicate Transactions Byelaw Major Syndicate Transactions Byelaw

Background

The Capacity Transfer Panel (the “**Panel**”) published proposals to amend the Major Syndicate Transactions Byelaw by way of consultation on 25 June 2015 (see market bulletin Y4904) to expressly permit capacity swaps in respect of syndicate cessations.

The consultation period closed on 24 July 2015. The Panel received responses from Alpha Insurance Analysts Limited, Argenta Private Capital Limited, Hampden Agencies Limited and the Association of Lloyd's Members. The Lloyd's Legal & Compliance Department held follow-up discussions with the respondents that had provided feedback about the proposed drafting of the amendments.

The Panel subsequently met to carefully consider the consultation responses and the outcome of the follow-up discussions with the respondents. Its recommendation was that the proposed amendments to the Major Syndicate Transactions Byelaw, as set out in Annex 1 to Market Bulletin Y4904, should be progressed and considered by the Lloyd's Council. This recommendation was subject to the inclusion of a reference in the proposed amendments to a mandatory requirement for a cash alternative to accompany any capacity swap or offer of shares that is included in a proposed compensation settlement. The Panel

expect that such a cash alternative is comparable in value to the capacity swap or offer of shares.

Changes to the Major Syndicate Transactions Byelaw

At its meeting on 4 February 2016, the Council agreed with the Panel's recommendation and made the necessary amendments to the Major Syndicate Transactions Byelaw and which is available on www.lloyds.com. The amendments came into force on 4 February.