

MARKET BULLETIN

REF: Y5079

Title	Additional Securities Limited (ASL) - 2017 Collection & Distribution
Purpose	To notify Managing Agents of the forthcoming 2017 ASL deposit collection and distribution exercise due to take place on 26 April 2017
Type	Scheduled
From	Gurdip Sappal Treasury & Investment Management
Date	31 March 2017

Syndicate accountants will receive individual statements via central accounting detailing their collection requirements for 2017 and distribution of 2016 loans.

2017 Collection

As in previous years, it is proposed that collections will only be made for countries with material deposits. The April collection is expected to consist of the Australian statutory deposit and the deposits for Bahamas, Brazil, Grenada, Hong Kong, Namibia, St Vincent's and Trinidad & Tobago.

The collection and distribution exercise will take place on the 26 April 2017.

The 2017 collection will continue to be debited in local currency (where possible or US Dollars for the Caribbean territories) or alternatively via the Currency Conversion Service (CCS).

Hong Kong

The Hong Kong deposit is required to be funded in April and in line with last year will continue to be collected as part of the main collection and distribution exercise.

Switzerland

Switzerland will continue to be funded on a quarterly basis with the Q1 collection due to take place on the 30 May 2017. The Q4 2016 deposit was pushed back and due to be adjusted on the 31 March 2017 instead of the usual end of February adjustment.

Deferral of Cayman Islands & Singapore adjustments

The adjustments to the Cayman Islands, Singapore and Lloyd's Asia deposits will take place on the 26 July 2017.

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 2016 calendar year signed premium data from XIS.

The collections for Switzerland and Hong Kong are also partially based on outstanding claims as per the local regulatory funding requirements.

Single Net Adjustment per Syndicate

The actual amount due to be collected will be net of the return of the 2016 deposit principal, plus income earned to 31 March 2017. Accordingly, a single local currency settlement to/from syndicates PTFs will be processed via central accounting on Wednesday 26 April 2017.

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 securities of up to 12 months to maturity. However, regulations in certain jurisdictions such as Switzerland and Australia may require some assets to be invested in longer-term debt instruments which mean the capital value of these assets is affected by movements in local interest rates. A quarterly update of investment returns and terms of ASL loans is available on <http://www.lloyds.com/the-market/operating-at-lloyds/treasury/tables/additional-securities>

For deposits directly funded by syndicates, ASL ceased foreign exchange hedging activities in June 2001 and Agents are reminded of this each year prior to the ASL funding exercise. As a result the sterling value of syndicates' assets invested with ASL will fluctuate in line with the local currency of the 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, 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

Individual syndicate statements will be sent to Managing Agents via central accounting on 16 April 2015. Statements for Cayman Islands, Lloyd's Asia and Singapore will be issued nearer the respective adjustments.

Any queries related to these figures should be directed to either Gurdip Sappal on 020 7327 5762 or Mat Stone on 01634 392 202, or by sending an email to gurdip.sappal@lloyds.com. Queries should be raised no later than 5pm on Monday 17 April 2017.