

# MARKET BULLETIN

REF: Y5087

<b>Title</b>	Mid-Year Coming into Line
<b>Purpose</b>	To inform Members' Agents and Direct Corporate Participant Members of the requirements for Coming into Line
<b>Type</b>	Event
<b>From</b>	Karen Oliver, Head of Market Services 01634 392120 or <a href="mailto:karen.oliver@Lloyds.com">karen.oliver@Lloyds.com</a>
<b>Date</b>	27 April 2017
<b>Deadlines</b>	Friday 19 <sup>th</sup> May 2017 and Friday 30 <sup>th</sup> June 2017
<b>Related links</b>	

## Purpose of bulletin

The purpose of this bulletin is to assist Members' Agents and Direct Corporate Participant Members (DCPs) in determining the documentation to be submitted to Market Services (MS) in order for Members to be considered "in line" at Mid-Year 2017.

Members will be considered 'in line' only when new/additional Funds at Lloyd's (FAL) and all supporting documents are received and correctly completed.

We would ask that every effort is made to ensure the assets and documents are submitted to MS in Chatham by **Friday 16<sup>th</sup> June 2017**, to allow MS sufficient time to validate and apply the assets to FAL by **Friday 30<sup>th</sup> June 2017 (CIL deadline)**. However, if the asset is a Letter of Credit (LOC) or Bank Guarantee (BG), this must be received together with the supporting documentation by close of business on **Friday 19<sup>th</sup> May 2017**.

## CIL Extension Fees

Failure to deliver the required asset(s) and correctly completed documentation by the CIL deadline will incur CIL extension fees of £216 per business day per £5m of FAL (or part thereof), which will be levied from **Monday 3<sup>rd</sup> July 2017**.

### **CIL Extensions**

**CIL extensions cannot be granted when new/additional FAL includes a BG or LOC.** If you are unable to meet the provision of the BG/LOC by the deadline of **Friday 19<sup>th</sup> May 2017**, then an alternative asset must be provided.

CIL extensions involving other asset types will be given consideration upon receipt of a written request. Such request must include a full valid business reason for the delay.

For existing Members, requests for extensions to the CIL deadline should be submitted in writing, to Anne Cooper, Manager, Custody Services ([anne.cooper@lloyds.com](mailto:anne.cooper@lloyds.com)), escalating to Mark Baker, Senior Manager, Market Services, if necessary ([mark.baker@lloyds.com](mailto:mark.baker@lloyds.com)).

### **Documents/Assets required**

It is assumed throughout this document that correct and valid documentation is provided. This includes the Members' Agent electronic instruction together with the Confirmation of Ownership document, or in the case of DCPs, a completed and signed Provision of Lloyd's Deposit form or FAL reorganisation form.

If MS believe that incorrect or incomplete documentation has been submitted the request will be rejected and the relevant Member will be considered to be out of line until the correct documentation has been provided. The CIL extension fee will be levied effective from **Monday 3<sup>rd</sup> July 2017** until the correct documentation and/or assets are provided.

Any failure or omission will be recorded and made available to the FCA, if requested.

### **Deeds**

The relevant trust deeds must be held to support the assets. Details of the deeds held for each Member or Third Party Depositor are available via the application DEEDTRCK on Tarot. If you do not have access to Tarot, please contact MS who will be able to provide you with this information. Original deeds (completed, signed and witnessed) must be provided.

**Note 1 Witnessing Deeds** – Deeds should be witnessed by an independent person and not a family member. Where deeds received are witnessed by family members, you are requested to acquire a new suitably witnessed deed.

**Note 2 Dating of Deeds** – Deeds should not be dated. This will be done by MS at the time of sealing.

### **Tax Form**

Assets can only be accepted into FAL once MS are in receipt of a correctly completed W9/W8 series form and/or LOB form and withholding statement, where applicable.

W9/W8 series forms that are incorrectly completed and/or do not include all necessary accompanying attachments are not valid documents.

Members/depositors are also reminded that where there has been a change of controller or partner, change of name, or a death of the member, LLP or SLP partner or capital provider, the existing W9/W8 series form will only be valid for 30 days post change and a new W9/W8 series form must be provided for the Member to be correctly documented for CIL.

Queries in relation to tax forms should be sent to the following mailbox:  
[Lloyds-Tax-Operations@lloyds.com](mailto:Lloyds-Tax-Operations@lloyds.com)

### **Third Party Assets**

Any assets provided by another party that is not the Member are classified as third party assets and the provider (third party FAL provider (TPFP)) of those assets is required to be approved by MS prior to the submission of the assets into the respective Member's FAL. A form CM210 must be completed and submitted to MS by Monday 8<sup>th</sup> May in respect of any new TPFP's wishing to place assets into a Member's FAL for mid-year CIL. Any assets being provided by a TPFP for CIL purposes must be in place by the appropriate deadline but those assets will not be accepted into a Member's FAL until the TPFP has been approved by MS. Where cash is received prior to this approval, it will be returned to the remitter.

In addition, each provision of third party FAL must be accompanied by a Confirmation of Ownership letter. For DCPs, the wording from this letter is incorporated into the Provision of Lloyd's Deposit form and a separate letter is not required.

**Note 1** – Third party assets cannot be held in PRF.

**Note 2** - Third party assets may be made Interavailable, where prior permission has been given.

**Note 3** – Assets gifted by a family member or a company within a group structure will be considered. Additional documentation, for instance, a Third Party Gift Letter will be required.

### **Acceptability**

The CIL deadline also applies in respect of acceptable assets. It is important that you have checked the acceptability of the assets before submission to MS. Reference should be made to the M&URs and requests should be sent to the following mailbox: [acceptabilities@lloyds.com](mailto:acceptabilities@lloyds.com)

### **Cash**

Cash funds should be sent electronically and received in the Lloyd's trust accounts by the CIL deadline. Cash must be sent from a bank account in the name of the Member (or in the case of third party assets, from a bank account in the name of the third party (depositor)).

All payments must quote the Member's name and/or membership code so that the payment can be identified and credited to the correct Member without delay.

If MS is unable to identify who the payment is for then the payment will be rejected and any bank charges will be met by the remitter of the monies.

For any payments identified as coming from a joint bank account, i.e. the Member and A N Other, ID documents will be required in respect of the second party on the bank account. Acceptable ID documents are detailed on Appendix 1 of this bulletin. Cash from an existing joint bank account previously approved by MS will continue to be acceptable, however new joint bank accounts will no longer be acceptable. With effect from 1<sup>st</sup> January 2018 Members are required to have their own UK bank accounts in the sole name of the Member.

It should also be noted that for any Members holding Euro's within their FAL, a charge has been introduced by the Bank which MS will pass on to Members.

### **Bank Guarantees/Letters of Credit**

An original document using Lloyd's standard wording must be provided by the deadline of **Friday 19<sup>th</sup> May 2017** and the Members' Agent/DCP must be satisfied that it is correct at face value. Fax or scanned copies are not acceptable. For BGs, the financial institution must complete the following:

- The date at the top of the BG
- Bank details – name and address
- Member name
- Amount

The document must be signed or sealed as appropriate.

**Note 1 Member FAL** - where a new BG/LOC is being provided for the first time a new STD is also required.

**Note 2 Interavailable LOCs** - a copy letter from the Member to the bank in Lloyd's standard letter confirming that the LOC is being made interavailable must also be provided.

**Note 3 Original Document** – An original document constitutes a new BG, new LOC or LOC side letter. The wording is non-negotiable and must not be amended.

**Note 4 Notice of Cancellation** – Where a BG/LOC has a notice of cancellation attached to it, it is the Members' Agents/DCP's responsibility to ensure that this is either removed or the BG/LOC extended to allow it to cover their underwriting commitments.

Members Agents/DCP's are also reminded that, under the Solvency II tiering test requirements (Market Bulletin Y4984 05/04/2016), if coverage becomes marginal then Lloyd's will apply a policy of 'rationing' the availability of LOCs/BG's, which means that Members may have to rationalise their holdings and be unable to hold 100% of their FAL in these assets.

### **Securities**

All securities must be beneficially owned by the Member (or in the case of third party assets these must be owned by the third party). Confirmation of ownership must be given with the file instruction.

### **Certificated holdings**

A duly completed and signed stock transfer form and a CREST transfer form for UK Equities and Gilts, plus valid certificate must be delivered to Chatham on or before the CIL deadline.

For certificated foreign securities, a duly completed transfer form and certificate must be delivered to Chatham on or before the CIL deadline. Members' Agents/DCPs should consider the requirements for each market and it would be advisable to seek confirmation from the registrar on what documentation is required, prior to submission to MS.

If the holding is within a shareplan or investment plan the Member should arrange for the holding to be transferred from the plan and certificated into their name prior to any transfer to FAL.

### **Electronic holdings**

Instructions to transfer holdings electronically must be received on or before the CIL deadline. The instruction should include a contact name and telephone number of the broker/custodian arranging the transfer who the Member/Depositor/Member's Agent has been in contact with to ensure there will be no delays with the transfer. If Market Services experience any delays with the broker/custodian who are not in a position to arrange the transfer, the Member's Agent/DCP will be notified and CIL extension fees may be payable or an alternative asset required.

**Note 1 PRF assets** - SLPs/LLPs cannot hold any assets in the PRF.

**Note 2 Uncertificated Unit Trust holdings** - a completed stock transfer form is required with the relevant statement or Account number of the holding.

### **Collective Investment Schemes (incl. Unit Trusts) (CIS)**

For an acceptable CIS to be considered as forming part of a Member's FAL, the documentation to effect the transfer into the name of Lloyd's (as Trustee) must be with MS no later than 30 days prior to the CIL deadline.

As a result of new global standards on the Automatic Exchange of Financial Account Information in Tax Matters, frequently referred to as Common Reporting Standards members are now required to provide additional information as part of the account opening process in respect of overseas unit trusts and this must be taken into consideration in accordance with the deadline above. Members are required to provide an 'Individual Self Certification Controlling Persons' form for each unit trust manager in their capacity of 'Beneficiary' and 'Settlor' of the FAL trust fund. In the case of a corporate Member, as the Member is not an individual entity it will be necessary to look through the Member structure to establish the natural controlling persons who will be required to complete the form(s).

If the transfer has not been completed by the CIL deadline date then the Member may be required to provide an alternative acceptable asset.

### **National Savings Certificates**

The certificate and a completed signed transfer form must be with MS no later than 30 days prior to the CIL deadline date. This deadline is necessary due to the National Savings and Investment office service standards to complete a transfer.

If the transfer has not been affected by the CIL deadline date then the Member may be required to provide an alternative acceptable asset.

In the event of any queries please liaise with your usual MS contact in the first instance or thereafter MS Compliance Manager, Angela Beckingham (01634 392083, [angela.beckingham@lloyds.com](mailto:angela.beckingham@lloyds.com)) or Custody Services Manager, Anne Cooper (01634 392576, [anne.cooper@Lloyds.com](mailto:anne.cooper@Lloyds.com)) if necessary.

**ID & Address Verification Documents****Appendix 1**

In the case of documentary evidence, the **below Government-issued** (valid) **ID documents** are deemed acceptable (either original or originally-certified copy):

- Passport
- Photocard Driving Licence (full or provisional)
- National Identity Card
- Firearms Certificate / Shotgun Licence

In addition, below is a list of acceptable **Address verification documents** (either original or originally-certified copy):

- Driving Licence (if not used previously for ID verification)
- Bank Statement\* (UK, EU or equivalent jurisdiction regulated financial institution – **not an internet-printed statement**)
- Utility Bill\*
- Council tax statement or tax demand letter
- Instrument of a Court appointment (liquidator or grant of probate)

*\* To be dated within the last 3 months from date of receipt.*

**Document Certification**

Where the above document(s) is/are certified, please provide the original 'wet ink' certified document, detailing the certifiers':

- Signature;
- Full name;
- Occupation;
- Company name & Address;
- Contact number; and
- Certification date.

Certification should not have been conducted any later than **3 months** from the date of receipt by Lloyd's.

**Certification Wording:**

Where certified documents are provided, please ensure the following certification wording is used: *"Certified to be a true copy of the original seen by me, and where the document bears a photograph, is a true likeness to the holder"*

**Appropriate Certifiers**

Below is a list of individuals' deemed acceptable to Lloyd's for the purposes of certifying the above documents:

- |   |                       |
|---|-----------------------|
| • Bank or Building Society Official             | • Councillor          |
| • Dentist                                       | • Police Officer      |
| • Solicitor                                     | • Teacher or Lecturer |
| • Lawyer  | • Accountant          |
| • Government Official                           | • Doctor              |
| • Financial Conduct Authority Registered Person |                       |