

# Member Services Transformation Update - FAQs

## Frequently Asked Questions:

### Member Services Platform Providers

#### 1. What is InvestCloud?

InvestCloud are a California-founded company with over 550 direct clients and providing support to clients managing over \$6 trillion of assets. They specialise in the provision of no-code software platforms for Digital and Commerce enablement within the Financial Services Industry. They maintain local offices in London, Los Angeles, New York, Geneva, Tokyo, Hong Kong, Singapore and Sydney.

This InvestCloud platform will become the principle “books and records” platform for Member Services and will provide quick and easy access to FAL data, including a dashboard showing FAL holdings, valuations, and transactions, plus the ability to customise screens and reports so you can extract this information for further analysis. The portal provides a secure messaging and document exchange facility with the Member Services team at Lloyd's, ensuring that your personal data is protected.

The introduction of InvestCloud will not require action from you but in order to access the FAL online portals (as many members already have) you do need to sign up. We would strongly encourage you to do so at the earliest opportunity in order to gain access to FAL overviews and receive important messages. Please see FAL Online below.

#### 2. What is Tarot and when will it be replaced by the InvestCloud platform?

Tarot is the existing Member Services platform and has been in place for over 20 years. It is now approaching end-of-life and will be fully replaced by InvestCloud during Q4 2022. Once InvestCloud is in place, the Tarot platform will be decommissioned.

### FAL Online

#### 3. Where can I find out more about FAL Online?

You can find out more by going to the address below, which also includes a series of more specific FAQ's and access to training.

Please go to: <https://www.lloyds.com/conducting-business/member-services/fal-online>

Additionally, we have included an extract here of the FAL online FAQs for your convenience:

## **Systems Access**

### **4. How do I access FAL Online?**

New users should register their interest via email to [FALonline@lloyds.com](mailto:FALonline@lloyds.com). An application form will be sent via email along with a guide to registering at Lloyds.com and next steps.

If you have previously used Members Access, you can access FAL online by logging onto your account via [www.lloyds.com](http://www.lloyds.com)

## **System Functionality**

### **5. What information is available to view in FAL online?**

You can view your profile which includes your personal details and funding requirements. You can also view your Funds at Lloyd's valuation and transactions.

### **6. Is the information real time?**

The information available within FAL online is at close of business on the previous working day.

### **7. What should I do if some of the information displayed is incorrect?**

In the unlikely event that any of the information displayed is incorrect, please email [FALonline@lloyds.com](mailto:FALonline@lloyds.com) and we will investigate it.

### **8. Can I give my investment manager access to this information?**

If you have a discretionary agreement with an investment manager in respect of your Funds at Lloyd's, they may already have access to your fund holding information. If they do not, they can email [FALonline@lloyds.com](mailto:FALonline@lloyds.com) and request access.

## **FAL Valuations & Transactions**

### **9. How do I view my Valuation?**

From the FAL Online Home screen click on 'Funds at Lloyd's' and your valuation will be displayed on screen.

### **10. Can I download my valuation or transactions to my own device?**

Yes, you can download your valuation in Microsoft Excel format (.xlsx) to your own device.

## Secure Messaging

### **11. How do I know Lloyd's Member Services have sent a message or document to my portal within FAL online?**

You will receive an email, to the email address you used to register for FALonline, to alert you to any documents waiting to be viewed.

### **12. How do I send a document to Member Services?**

Documents can be sent to Member Services by using the document upload facility by clicking 'Documents' on the top of the home page and select 'Document Upload. There is a prompt to help you upload your file and assign information to direct the document to the appropriate team in Member Services. Once you have completed this click 'Save'.

## **Custody Services and Processes**

### **13. Who are Citibank?**

Citibank provide a range of solutions for corporates, institutions, governments, and individual investors and serve in 160 countries and territories. They offer a full suite of services, including custody, fund administration, middle office, transfer agency, fiduciary services and Exchange Traded Funds (ETF) services, as well as agency securities lending.

### **14. What will be the process for managing the cash requirements to support trades, versus the longer-term cash deposits held at NatWest?**

Under the current model, all cash in FAL is swept overnight into money market funds via the NatWest accounts to reduce counterparty risk and enhance returns (that are apportioned between each member). With the implementation of the full custody model with Citibank, investment managers will be expected to manage cash directly for trading within their Citibank custody accounts.

We intend to maintain a money market sweep facility via the NatWest accounts and this will be the default for cash held in FAL.

Investment managers will need to direct the amount of funds that need to be held at Citibank to facilitate trading and rules regarding the amounts of money that can be left unsecured overnight will be introduced.

We are working on the exact approach for this activity and will work with investment managers, so that they know how to arrange for the necessary funds to be in the appropriate accounts.

For the avoidance of doubt, cash will remain with NatWest and invested overnight unless specifically requested to be moved to Citi for trading purposes.

In addition, the Lloyd's Platform investment advisor, Schrodgers Solutions, is expecting to introduce enhanced cash solutions via the Investment Platform in due course. Further information can be found on Lloyds.com: [Lloyd's partners with Schrodgers Solutions on new market investment platform \(lloyds.com\)](#)

**15. I currently have my income paid away. Will this be affected? Will income payments be managed differently with this new structure?**

We anticipate that the two income options of “pay into FAL” or “pay away” will remain. Any unit trust income that currently pays directly to the beneficial holder’s personal account on dividend pay date is expected to be paid to the relevant account at Citibank in the future and then onto the beneficial owner, in accordance with their choice of the two options. Detailed procedures will be provided in due course.

**16. Can an investment manager request a release of FAL directly from Citibank?**

Whilst the investment manager will issue the formal request for release from Citibank on behalf of a member, the members’ agent or the DCP (if they have no agent), will need to submit a request for approval to Lloyd’s Member Services in advance (in the same way as any assets release request).

Member Services will determine whether the release will be acceptable, comparing the overall value of assets against the members’ capital requirements, and releases will only be permitted where the value of assets exceeds the FAL requirements, in line with the M&URs.

Confirmations of approvals to remove assets will be sent to both the members’ agent and the nominated investment manager, but it is anticipated that the member will wish to formally request investment managers to send instructions to Citibank, in order to proceed.

**17. Can an investment manager instruct a substitution of FAL assets and / or introduce additional assets directly to Citibank?**

Yes, but as above, the existing process involving members’ agents, where they are in place, must first request approval from Lloyd’s Member Services in advance of instructing Citibank.

**18. Who are Collective Investment Services (CIS)?**

Collective Investment Services (CIS) are part of Citibank and the providers of the new unit trust platform. CIS will introduce their Order and Trade Manager (OTM) platform, which is a single point of contact for investment managers for all deal instructions, monitoring and reporting of unit trusts.

**19. What is the coverage for Unit Trusts with Citibank?**

An analysis of the existing Unit Trust held in FAL shows that they are all covered by the current service of CIS.

**20. How will this impact the time to process instructions for settlements / corporate actions?**

The shift to direct interaction between investment managers and Citibank will increase straight through processing activity, which we anticipate will contribute to a reduction in overall instruction processing times.

**21. Will this mean changes to the Quarterly Corridor Test (QCT) and Annual Coming into Line (CIL) processes?**

The QCT and CIL processes themselves will be unaltered by this change but the introduction of new assets (outside of Letters of Credit (LOCs), Bank Guarantees (BGs) and cash), and the release of cash and assets will be instructed by the investment managers. It is important to note that the members' agent will need to seek and obtain validation approval from Lloyd's Member Services before the investment manager instructs releases. Members' agents will continue to coordinate the introduction of new assets and/or the release of assets from FAL.

**Investment Managers****22. Why can Lloyd's only deal with selected investment managers?**

We currently have more than 150 investment managers, which Lloyd's believes to be too large a group to be readily supported. In addition, we are moving to a new custody approach supported by Citibank that requires all instructions to Citibank to be made electronically by either SWIFT or using Citibank Velocity software. For these reasons, we will be limiting the number of investment managers to a pre-agreed list and will be reaching out to these investment managers shortly to discuss changes in the operating model and to contracts.

**23. Will I be able to invest my FAL if I have not appointed an investment manager?**

No. FAL provided by members and third-party capital providers cannot be invested if an investment manager has not been appointed.

In some cases, such as where the member or third-party capital provider only holds FAL as cash or Letters of Credit/ Bank Guarantees (or other grandfathered paper-based assets), there will not be a need to have an investment manager.

**24. I have already appointed an investment manager; are they able to invest my FAL if they cannot comply with the new operating arrangements?**

No. Where an investment manager is unable to comply with the new operating arrangements (including electronic messaging) and has not signed up to the new investment management agreements, they will not be able to continue to provide services in relation to FAL.

**25. If my existing investment manager is not one of the selected managers, will they be able to continue to look after my existing FAL?**

No. It will be necessary to appoint a manager from the list of supported investment managers. This will be provided in advance of the changes and Lloyd's will contact you to confirm the need to change investment manager. All members will need to have an approved investment manager in place, if their FAL is anything other than cash and/or cash and contingent assets (LoC's, Bank Guarantee or other similar grandfathered assets).

**26. If I currently hold stocks / shares in my FAL and have no investment manager in place, but do not intend to invest FAL in additional stocks / shares, will I be affected?**

Yes, you will still need to appoint an investment manager from Lloyd's approved list to continue holding stocks / shares in FAL, even if there are no future plans to trade in these asset classes, as investment managers will be responsible for managing corporate actions associated with the holdings.

**27. When will I need to replace my existing investment manager if they are unable to continue to support me?**

No action is required at this time as we will only be writing to those members who are currently using an unsupported investment manager.

Where we write to you, we will confirm the date at which you will need to have signed up to a new investment manager. Termination of investment managers who are no longer supported will be in line with contractual obligations i.e., 30 days.

Precise timings of this will be driven by the phasing of the transfer of assets to segregated safekeeping accounts at Citibank. Lloyd's expects that the majority of transfers will take place in Q4 2022 but also anticipates that the FAL transition process will continue into 2023.

**28. I have more than one investment manager looking after my FAL assets? Will this still be possible under the new operating structure?**

Yes. But all investment managers will need to comply with the same criteria (i.e. electronic trading, predominately via SWIFT) and be included on Lloyd's pre-approved list.

**29. Will I need to appoint an investment manager to bring in stock/shares to FAL if I do not intend to trade on these assets and only hold them in FAL?**

Yes, if you hold anything more than cash or cash & contingent assets (LoC's, Bank Guarantee or other similar grandfathered assets) you will need to appoint an appropriate investment manager.

**30. Are you accepting new investment manager applications at this point in time?**

Given the need to consolidate the number of investment managers and "re-paper" those investment managers on Lloyd's pre-agreed list, we are suspending new manager applications in all but exceptional circumstances, until at least the New Year.

**Glossary of Terms:**

A full list of glossary and acronyms are available via this link - [Lloyd's \(loyds.com\)](https://www.loyds.com)