

# Member Services Transformation Updated 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 is the principle “books and records” platform for Member Services and provides 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 is called FAL online which is accessible by Members and other parties i.e. Members Agents and also provides a secure messaging and document exchange facility between Member Services’ teams at Lloyd’s, ensuring your personal data is protected.

In order to access the FAL online portal (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.

### FAL Online

#### 2. 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>

#### 3. 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.

#### **4. 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 FAL portfolio and transactions.

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

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

#### **6. 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.

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

If you have a discretionary agreement with an investment manager in respect of your FAL, 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**

#### **8. How do I view my Funds at Lloyd's**

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

#### **9. Can I download the data to my own device?**

Yes, you can download your valuation in Microsoft Excel format (.xlsx) to your own device. Alternatively, statements can be requested from members' agents.

### **Secure Messaging**

#### **10. 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**

### **11. 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.

### **12. How many Citibank safekeeping accounts will I need?**

Currently members assets are held at Citibank in a mix of pooled and segregated accounts, dependant on tax jurisdictions. Moving forward, each member will be allocated a segregated safekeeping account for each of their trust funds (i.e. if a member had funds in PRF, General Deposit, and SRF they would be allocated 3 safekeeping accounts). In addition, all third-party capital providers will be allocated segregated safekeeping accounts.

### **13. 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, cash will be held at Citibank in individual cash accounts per Member/Depositor. Lloyd's Treasury and Investment Management (LTIM) intend to maintain a money market sweep facility via the Citibank platform, Online Investments (OLI), and more details will be sent shortly to Investment Managers.

In addition, the Lloyd's Platform investment advisor, Schroders 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 Schroders Solutions on new market investment platform \(lloyds.com\)](#).

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

The two income options of "pay into FAL" or "pay away" will remain and will be the responsibility of your investment manager. Any income will be paid to the respective Citibank safekeeping account where your appointed investment manager can re-invest.

Should Member/Depositors wish to have their income within that quarter released, investment managers can submit a request to Lloyds. This will be following the publication of the Quarterly Corridor Test and will be subject to pre-approval by Lloyd's.

Any income not released in the quarter it was paid will be calculated as part of Funds at Lloyd's capital and can then only be released following a formal release request from the Members Agent/ Member. Lloyd's will provide your investment manager with details of your pre-approved bank account(s) to make income payments to.

#### **15 How will my interest be paid?**

As with income, the two options of "pay into FAL" or "pay away" will remain and will be the responsibility of your investment manager. Should you wish to have your interest released, a request will need to be submitted to Lloyds following the release of the Quarterly Corridor Test (QCT). Any interest not released in the quarter it was paid will be calculated as part of Funds at Lloyd's capital and can then only be released following a formal release request from the Members Agent/ Member.

If only cash and/or contingent assets (LoC's, Bank Guarantee, or other similar grandfathered assets) are held, and you have chosen not to appoint an investment manager, a formal release request will need to be submitted by the Members Agent/Member following the publication of the Quarterly Corridor Test (QCT).

#### **16. How will the income from any unit trust distribution units I hold be treated?**

All income derived from unit trust distribution holdings will be paid as cash and not reinvested unless the investment manager or fund manager states otherwise. Please note there will be one option per safekeeping account only (i.e. reinvest dividends or take dividends as cash for all distribution units in the portfolio).

#### **17. Can my investment manager set up mandates to pay away my income and interest?**

This is not an option as all releases of income and interest will need to be pre-approved by Lloyd's. Once approved your investment manager can arrange payment to your verified bank account.

#### **18. Can I continue to use the Proxy voting service?**

If you currently utilise the proxy voting service, you will need to speak to your investment manager to continue this through Citibank as it will be the responsibility of investment managers to vote on your behalf if you have requested this option. Please note that Citibank will levy additional charges per each event notification received and each vote instructed.

**19. Can an investment manager request a release of FAL or injection of capital into FAL directly from Citibank?**

Whilst the investment manager will input the formal request for an injection or release of cash and/or stock within 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, as per the current procedure.

Member Services will determine whether the transaction 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 will be sent to both the members' agent and the nominated investment manager but it is anticipated that members will provide notification of their intention to their investment manager ahead of the approval.

**20. Can I request an FX transaction of FAL?**

For advisory and execution only portfolios a member can request an FX directly with their investment manager. For discretionary portfolios, investment managers may have autonomy to instruct FX transactions without the need for prior instruction from a member, subject to the parameters set out in your Investment Management Agreements.

FX requests will be instructed by investment managers directly to Citibank with no required involvement from Lloyd's. They will be able to utilise the passive Citibank FX service subject to the member having sufficient funds in place to complete the transaction.

**21. 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.

**22. 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.

**23. 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.

**24. 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.

**25. 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 investment managers will need to seek and obtain validation approval from Lloyd's Member Services before instructing releases or injection of capital into FAL. Members' agents will continue to coordinate the introduction of new assets and/or the release of assets from FAL.

**Investment Managers****26. 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. The list of investment managers is provided in the covering letter.

**27. 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.

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

Where an investment manager is unable to comply with the new operating arrangements (including electronic messaging), they will not be able to continue to provide services in regard to your FAL after the 1<sup>st</sup> January 2024. However, there may be opportunity for you or your current investment manager to seek to engage one of the selected investment managers on a 'fronting' arrangement in order to submit FAL transactions and trades on an execution basis.

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

All members must 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). Should your current investment manager not be on the supported list, there may be an opportunity for you or your current investment manager to engage one of the selected investment managers on a 'fronting' arrangement to submit FAL transactions and trades on an execution only basis.

**30. 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.

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

All members who wish to trade and hold assets will need to have an approved investment manager in place by 1<sup>st</sup> January 2024

Precise timings of this will be driven by the phasing of the transfer of assets to segregated safekeeping accounts at Citibank. Lloyd's expect the selected investment managers will be transitioned by the end of Q4 2023.

**32. 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.

**33. 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.

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

Given the need to consolidate the number of investment managers and transition those investment managers on Lloyd's pre-agreed list, we are suspending new manager applications until 1<sup>st</sup> June 2024.

**Glossary of Terms:**

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