

## Member Services Newsletter

It is with great pleasure that I welcome you to the first edition of the Member Services Newsletter.

I have had the opportunity to speak with many of you directly since joining Member Services in 2022 and feedback suggested you would like regular updates from Member Services. Launching this newsletter, our aim is to provide a valuable resource for Members by delivering insightful content, and practical advice on issues and topics we think matter most.

Our team of experts from Member Services will be contributing to the newsletter, sharing their insights and experiences on a range of topics. We will also be inviting occasional guest contributors from across the Corporation to share their perspectives and expertise.

In this issue we have a variety of topics for your consideration.

### **Transformation update**

There is an update on the transformation programme, reflecting the launch of InvestCloud in Q4 last year, and overview of the progress made onboarding of Investment Managers to our new model.

### **Client Gateway**

Many of you will know that we have consolidated our external communications via a single team, the Client Gateway. In this first issue we shine a spotlight on the individuals in this team and provide an overview of their experience and specialisms.

### **Business timetable**

Which includes a summary of changes made to the timetable following the last review of the Membership & underwriting Rules (M&URs), published in 2022, including key dates for your calendars.

### **Tier 2 rules**

We are always looking to ensure the Tier 2 rules are reflective of broader market trends and remain a practical way to provide FAL. Accordingly, we have made some small changes which are summarised within.

Moving forward, we will publish updates quarterly and I am keen to hear your thoughts on what you would like to be included in future issues. More broadly, I am also keen to work with our Membership to ensure Member Services operations are efficient and pragmatic, and that our Members have a positive experience.

I look forward to meeting many more of you in due course.



Ed Thomas  
Head of Member Relations, May 2023



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## Member Services' Transformation update

Member Services' (MS) Transformation project has been the primary focus for the department over the last few years and the vision originally created in 2020 has been coming to life over the last six months.

In November 2022, Member Services went live with a new internal core platform, InvestCloud, which is a modern, cloud-based system. InvestCloud provides an overnight feed into the Funds at Lloyd's (FAL) Online Platform, which you can have access, to view your FAL portfolio(s). Our legacy system, Tarot, which had been in place since 1999, has now been decommissioned.

To support this and as part of our wider transformation, we are reviewing our custodian arrangements with a view to expanding the scope of services provided by our principal custody partner, Citibank. FAL assets, with the exception of Tier 2 assets (Letters of Credit, Bank Guarantees and Life Policies) will all be held with Citibank in individual safekeeping accounts per Member/ Depositor and Investment Manager (IM).

Lloyd's currently support in excess of 150 IMs, which is not sustainable in the new model and we will be reducing this to c.40 by the end of 2023. We have been consulting with a number of IMs regarding the new model and we have received a very positive response so far, with over 25 ready to sign into the new Master Agreement.

The new model will see your appointed IM having control of the instruction and movement of securities and cash, for transactions which include trades, corporate actions and FAL rearrangements (releases/additional assets) directly with Citi. Lloyd's will receive a daily feed from Citibank directly into InvestCloud, which will in turn will feed into the FAL Online Platform and allow us to audit their movements.

If you wish to hold securities within your FAL, it will be a mandatory requirement for you to appoint an IM to manage your portfolio. You will not be authorised to hold securities within your FAL portfolio until such a time as an IM has been appointed. As previously

confirmed, those members who hold / wish to hold only cash will not be affected by the changes.

We have selected one IM to pilot the new process and are working closely alongside Citibank to onboard them, with a view to going live with their Members at the end of May. Once the pilot is complete, we will look to onboard IMs in tranches of five to ten at a time between June and the end of the year.

Whilst we are not in a position to share details of the tranches quite yet, we will be issuing detailed guidance later in May. This will set out any actions you will be required to take and a detailed timeline for the rest of the year.



Lloyd's Fidentia House, Chatham



## In the spotlight

### **Lloyd's Investment Platform Private Impact Fund**

You may have recently seen a press release about the launch of Lloyd's Investment Platform and the appointment of Schrodgers Capital as its Portfolio Manager.

Eleanor Bucks, Chief Investment Officer, Lloyd's said: "I am really proud to be announcing the launch and initial investment in the Lloyd's Private Impact Fund. This is

a great example of the impact that insurers can have in addressing climate change and reflects Lloyd's convening role in leading the Sustainable Markets Initiative Insurance Task Force.

"The design of the fund is itself innovative, being open-ended in nature and categorised as an impact fund."

Key points below:

- This is the first fund to be launched on the Lloyd's Investment Platform.
- The fund will have an initial allocation of £250m for sustainability-focused assets, investing globally across private equity, infrastructure, natural capital and real estate targeting the long-term themes of Climate Migrations, Climate Adaptation, Circular Economy and Social Inclusion.

It is expected that members will be able to elect to mark FAL Investments into the fund. Further guidance will be provided in due course, likely in the next newsletter.

### **Who are the Client Gateway Team?**

A key milestone of the Transformation Project was the creation of the Client Gateway Team. A pilot was launched in 2021 with a Members Agent, Alpha Insurance Analysts and six Direct Corporate Participant Members (DCPs) which was a success and in April 2022, the new team was created. We have continued onboarding more Members together with the two remaining Members Agents and all other DCPs by the end of Quarter 1 2023.

The objective and overall vision for the team is to provide a single entry point into the department and have a contact for all FAL related queries.

The team will also work to:

- Deliver and implement strategies and plans designed to improve the service experienced by our stakeholders
- Take ownership of the governance of the rules and Lloyd's policies affecting FAL related matters (including the Membership & Underwriting Conditions and Requirement
- Provide education to the Market on FAL related matters
- Co-ordinating the onboarding of new entrants (Members and Third Parties) and Stockbrokers/Investment Managers acting on behalf of Members and Third Parties

Let me introduce you to the team:



Mark Baker

I am about to celebrate my 15th anniversary with Member Services where I have held a number of senior management roles. Before joining Lloyd's I worked within the banking and investment world where I enjoyed roles with UBS, Henderson Investors, The London Stock Exchange and Bank of America Merrill Lynch where I worked in London, Dublin and Geneva. Outside of work, I have 2 young children who have very active sporting and social lives where I am the main cheerleader and chauffeur. When I have time I like to jog (slowly), watch cricket and F1 and I'm a qualified ECB cricket coach.



Anne Cooper

My career started on a Youth Training Scheme with Abbey National (now Santander) at a Mortgage Centre processing new applications. I have worked in Member Services for 25 years and in this time have worked on both the Settlements and Custody Services Team, responsible for FAL transactions. Outside of work, I enjoy travelling and keeping fit.



Claire Sheahan

I have worked in Member Services for 16 years, my knowledge and area of expertise is syndicate stamps, results and auctions, distribution of profits and payment of losses. I also have experience on trade settlements. Outside of work, I have achieved a first dan blackbelt in "ladies only" kickboxing.



Michael Goss

I have been working at Lloyd's for 25 years across a range of teams within Member Services and Taxation. I have also spent two years working for a Member's Agent working closely with members regarding all aspects of their underwriting. I have particular knowledge on issues relating to FAL and Interavailability. In my spare time I am a keen pub quizzier.



Neil Marsh

I joined the Lloyd's Market in 1987 as a Names Reserves Administrator with a Member's Agent. Following wholesale market rationalisation I moved to the Corporation in 1995, initially to help with the transfer of Member's Funds from agents to Lloyd's. I have been involved in a wide range of FAL and member-related roles ever since. Away from work I enjoy record collecting and live concerts, watching sports particularly horse racing and football, and unsuccessfully curbing my partner's holiday spending plans.



Claire Spurgin

I have worked in Member Services for 21 years, primarily for Direct Corporate Participant members managing settlements, income, corporate actions and FAL transactions. When I am not working, I am busy with my three children, I love travelling and planning holidays, along with a spot of photography.



Holly Newfield

I have worked in Member Services for over seven years and up until my transfer to the Client Gateway Team, worked on the Custody Services team validating FAL transactions and approving the release or injection of new capital. Prior to joining Lloyd's, I worked in car insurance and banking and have a range of knowledge in the finance and insurance world. In 2019, I took part in a charity skydive to raise monies for one of Lloyd's Charity Partners, BLESMA. I am expecting my first child in May and am excited to be heading off on maternity leave!



Conor Flannery-Mann

I am in a graduate role with The Client Gateway, and have recently completed my first year. I can't claim to rival the experience of my colleagues, but I am always happy to throw myself into new challenges – I have already learnt much more about the Lloyd's market than I could have hoped to! In my personal time I completed an Olympic distance Triathlon in 2022 and am hoping to complete a Half Ironman in August of this year (wish me luck!)

Representatives from the Client Gateway Team will be at the ALM Summer Conference on the 7 June 2023, please visit our stand and meet us if you are attending.



Some members of the Client Gateway Team



## Finger on the Pulse

### Tier 2 Rules

The [Tier 2 rules](#) for holding Letters of Credit, Bank Guarantees and existing life policies have been in place since 2018. The rules were put in place as a result of the Solvency II tiering test which was introduced at this time and placed a restriction on the amount of Tier 2 capital eligible for solvency coverage. Feedback received has suggested the rules are complex and the deadlines are challenging and MS have been engaging with Market Finance to share the feedback.

As a result, you may recall in Q4 2022 we allowed a full release or a reduction to Tier 2 assets after the deadline in November, where there is no change other than a reduction in value in the existing currency (i.e. no changes to counterparties or currency). The same flexible approach will be adopted for Q4 this year. Beyond this change, we are working with our Market Finance team to introduce further flexibility. We expect changes to be in place for Q4 2023 and will write to you in advance of any changes taking effect.

## Trades within FAL

All market trades executed by your appointed Investment Manager must settle against payment and Lloyd's cannot take receipt of shares free of payment and settle the cash with the counterparty separately. This is because these transactions could potentially impact the Central Fund where members have insufficient funds.

This includes placings in new shares. Placings are where companies, or more accurately their brokers, approach investors and offer them new shares, often at a discount to the current market price. Once the order book is full and the placing is closed, the company raises capital in line with the offering. Placings for larger companies are usually restricted to institutional investors like fund managers.

This should not be confused with an open offer which is where a company offers its existing shareholders the right to buy new shares, often at a discount to the market price. These are deemed as corporate actions and are available to members holding eligible equities in FAL. Citibank inform Lloyd's of any upcoming open offers for FAL holdings and MS would deal with it like any other voluntary event. These will always be available subject to our Custodian Citi's offering.

## Business Timetable

The M&URs were revised in 2021, effective from January 2022 and as a result we moved from a bi-annual Coming into Line (CIL) exercise to an annual CIL exercise together with quarterly corridor tests. The overall response to this new approach has been positive.

The [Business Timetable](#) for Q1 and Q2 2023 was published on the 15th February and these dates are available on [loyds.com](https://www.loyds.com). For ease of reference, we have listed some of the key dates up until end of June:



Working Day	Deadline	Activity
18	28 April 2023	Deadline for Declaration of Compliance (DOC) for Corporate Members that have a Members' Agent Member Services prepare and dispatch consolidated personal accounts to members' agents and Direct Corporate Participants
19	02 May 2023	First surpluses will be available for payment to Members
22	05 May 2023	Deadline for Members to provide Application forms, Information forms and completed signed and witnessed Declaration and Undertaking documents in respect of new Third-Party funding arrangements to Member Services for Coming into Line
24	10 May 2023	Last date for receipt of applications which include a Tier 2 adjustment to FAL. All documentation must be received by this date as no extensions can be granted.
35	25 May 2023	Publication of the Q2 Quarterly Corridor Test (QCT)
45	09 June 2023	Deadline for receipt of FAL re-arrangement applications and supporting documentation for Members who have a Quarterly Corridor Test (QCT) failure/Capital Test shortfall following publication of the Q2 QCT/Capital Test Mid-year distribution of Fund at Lloyds interest
46	15 June 2023	June losses/cash calls to be funded and paid to syndicates on this date
50	16 June 2023	Deadline for receipt of FAL re-arrangement applications and supporting documentation (not including those who have a Quarterly Corridor Test (QCT) failure/Capital Test shortfall following the publication of the Q2 QCT and or Capital Test)
55	23 June 2023	Deadline for receipt and settlement of additional assets/release of assets for those Members who have a Quarterly Corridor Test (QCT) failure/Capital Test shortfall as indicated by Q2 QCT and/or Capital Test)
56	26 June 2023	Issuance of Overdue Notice advising charges to be levied for those Members who have not met their Q2 Quarterly Corridor Test/Capital Test obligations
60	30 June 2023	Deadline for Declaration of Compliance (DOC) for Direct Corporate Participant Members Deadline for receipt/settlement of all Partial Releases/Additional Assets for all Members (not including those who have a Quarterly Corridor Test (QCT) failure/Capital Test Shortfall to clear following the publication of the Q2 QCT and/or Capital Test)

We are currently in the process of reviewing the timetable for Q3 and Q4 and will publish this soon.

### **FAL online portal**

The FAL online portal provides view only access to your FAL portfolio. Lloyd's are required to report on nominal holdings but are not obligated to provide pricing data. For this reason, you can rely on the valuation for nominal holdings data and you should seek pricing data directly from your Investment Manager. The FAL online portal data is as at the previous business day.

The FAL online portal also has a mechanism to allow users to upload and download documents using a secure portal. Should you require access to the portal please email [FALonline@Lloyds.com](mailto:FALonline@Lloyds.com). Your Members' Agent and IM can also access the portal to view your account.

## Multi-Factor Authentication (MFA)

To further enhance security of Lloyd's applications and data, Lloyd's has introduced MFA which requires you to either download the Microsoft Authenticator app on a mobile device or purchase a hard token. Each method will produce a passcode which be required, together with your username and password to login to Lloyd's services and applications.

User guides are available on [lloyds.com/mfa-enrolment](https://lloyds.com/mfa-enrolment).

For any technical support please contact our IT Department [usersupport@lloyds.com](mailto:usersupport@lloyds.com)



### Feedback

We are really keen on hearing from you and would encourage you to start corresponding with the Client Gateway Team by email [Client-Gateway@lloyds.com](mailto:Client-Gateway@lloyds.com)

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