

# AMENDMENTS TO OTHER LLOYD'S REQUIREMENTS

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The following are the amendments that are proposed to be made to other Lloyd's Requirements:

1. The **Requirements made under the Underwriting Byelaw**: changes to paragraph 3C are amended by inserting the text underlined as shown –

3C. The Council has prescribed the Principles for Doing Business at Lloyd's, which set out the fundamental responsibilities expected of all managing agents.

2. The **Requirements made under the Underwriting Byelaw**: changes to paragraph 7 are amended by deleting the text struck out and by inserting the text underlined as shown –

7. An *underwriting agent*, and in the case of paragraph 7(e), also an *approved run-off company*, shall without delay notify the *Council* in writing if any of the following events occur –

- a. an event that must be notified to the Financial ~~Services-Conduct~~ Authority via Lloyd's in accordance with the Supervision Arrangements for Underwriting Agents between the Financial ~~Services-Conduct~~ Authority and the *Society*.

Namely –

- (i) the appointment of an auditor and information about the auditor in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (SUP 3.3.2 R(2) and (5)) and the Prudential Regulation Authority's Handbook (Auditors 2.1);
  - (ii) the notification of matters raised by an auditor in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (SUP 3.7.2 G) and the Prudential Regulation Authority's Handbook (Auditors 6.1);
  - (iii) the termination of an auditor's term of office in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (SUP 3.8.11 R and SUP 3.8.12 R) or if an auditor resigns before the term of office expires in accordance with the Prudential Regulation Authority's Handbook (Auditors 7.5(3));
  - (iv) the general notification requirements in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (SUP 15.3) and the Prudential Regulation Authority's Handbook (Notifications 2.1) including –
    - i. matters having serious regulatory impact (FCA, SUP 15.3.1 R and PRA Fundamental Rule 7);
    - ii. communication with the ~~FSA~~FCA in accordance with Principle 11 (SUP 15.3.7 G);
    - iii. breaches of rules and other requirements in or under the Financial Services and Markets Act 2000 (FCA, SUP 15.3.11 R and PRA, Notifications 2.3);
    - iv. civil, criminal or disciplinary proceedings against a firm (FCA, SUP 15.3.15 R and PRA, Notifications 2.6(1));
    - v. fraud, errors or other irregularities (FCA, SUP 15.3.17 R PRA, Notifications 2.6(4));
    - vi. insolvency, bankruptcy and winding up (FCA, SUP 15.3.21 R PRA, Notifications 2.9(7));
  - (v) the Core information requirements in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (FCA, SUP 15.5 and PRA, Notifications 5);
  - (vi) where an *underwriting agent* becomes aware that inaccurate, false or misleading information has previously been provided, in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (SUP 15.6 and PRA, Notifications 6);
  - (vii) the change of an accounting reference date in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (FCA, SUP 16.3.17 R and PRA, Notifications 5.3A);
  - (viii) annual controllers report in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (FCA, SUP 16.4 and PRA, Reporting 2.1, SS34/15 and Fundamental Rule 6); and
  - (ix) annual close links report in accordance with the *Financial ~~Services-Conduct~~ Authority's Handbook* (FCA, SUP 16.5 and PRA, Close Links 2.1);
- b. [deleted by The Legislative Reform (Lloyd's Order (Market Provisions) Byelaw (No.1 of 2009).]
  - c. in the case of a *managing agent*, the death or resignation of, or the occurrence of any *notifiable event* in relation to any *managing agent's trustee*; and
  - d. in the case of a *managing agent*, if at any time the *syndicate premium income* allocable to any year account of a *syndicate* managed by it exceeds or appears to have exceeded or likely to exceed the *syndicate allocated capacity* for that year of

account. The notification shall include full particulars of the extent of the excess or expected excess, the reasons why the excess has arisen or is expected to arise and what remedial action the managing agent has taken or proposes to take.

- e. in the case of an *underwriting agent* or *approved run-off company*, there are any changes of a kind prescribed from time to time by the *Council* relating to the appointment of directors (and in the case of an *approved run-off company*, partners), *active underwriters* or *run-off managers*. The detailed requirements prescribed by the *Council* for the provision of information are set out in Market Bulletin Y4126 (Streamlining Approval of Appointments to Senior Positions (Individual Registration), Advance Consents for fully-aligned syndicates and Change of Control for Underwriting Agents) issued on 22 February 2008.

**8. The Requirements made under the Membership Byelaw: changes to paragraph 4 are amended by deleting the text struck out as shown –**

4. No individual shall be eligible to be an underwriting member other than an individual who was admitted as an underwriting member on or before 6 March 2003 and who has at all times since ceasing to be an underwriting member been a non-underwriting member. In deciding whether ~~a candidate which is~~ a Scottish limited partnership is suitable to be ~~admitted as~~ a *member* the *Council* shall have regard to the following criteria and all other relevant matters – [ . . . ]

**9. The Requirements made under the Membership Byelaw: changes to paragraph 5 are amended by deleting the text struck out and by inserting the text underlined as shown –**

5. The requirements prescribed under paragraphs 6 and 7 of the Membership Byelaw for the purpose of admission of candidates ~~which are body corporates~~ to membership of the Society are the Membership & Underwriting Conditions and Requirements (corporate members) as set out in Market Bulletin Y2086 (Membership and Underwriting Requirements) issued on 5 July 1999 as updated from time to time.

**10. The Requirements made under the Membership Byelaw: changes to paragraph 8 are amended by deleting the text struck out and by inserting the text underlined as shown –**

8. A *member* shall without delay notify the *Council* in writing if any of the following events occur –
- (a) in the case of an *individual member* –
    - (i) a change of his address;
    - (ii) a decision to change his nationality;
  - (b) in the case of a *corporate member* –
    - (iii) a director ceases to be a director;
    - (iv) it becomes aware that a person has ceased or is proposing to cease to be a *controller* of that *member*;
    - (v) the appointment of an auditor;
    - (vi) the auditor of the *corporate member* vacates office, in which case the *corporate member* shall also provide a copy of any notice given or representations or statements made by the auditor (under the Companies Act ~~1985~~2006 or otherwise) on or in connection with the auditor vacating office;
    - (vii) a decision to change the date to which the accounts of the *corporate member* are prepared;
    - (viii) any change to the *corporate member's* memorandum and articles of association;
    - (ix) any reduction in the *corporate member's* issued share capital;
    - (x) a decision to appoint an agent, or terminate the appointment of an agent appointed by the member, for service of notices under [paragraph 5. in *Consolidated Requirements Part 2 > Core Activities and Roles > Members > Miscellaneous provisions*];
  - (c) in the case of any *members* –
    - (xi) a material change in the information provided to the *Council* in connection with any application by that *member* for membership or in connection with a review under paragraph 35 of the Membership Byelaw of that member and not required to be disclosed under any other provision of this paragraph;
    - (xii) an *insolvency event*;
    - (xiii) the *member* or director of the *member* or any *controller* or director of or partner in any *controller* of the *member* or, in relation to a *Scottish limited partnership*, a *general partner*, director of a *general partner* or a controller of a *general partner* or a management company being convicted of a *reportable criminal offence* by a court in the United Kingdom or elsewhere, in which case the *member* shall also provide full details of the offence and any sentence that was imposed.

**11. The Requirements made under the Membership Byelaw: changes to paragraph 9 are amended by deleting the text struck out and by inserting the text underlined as shown –**

9. A person shall be eligible to act as auditor for a *corporate member* if –
- (a) in the case of a *corporate member* to which Part ~~VH16~~ of the Companies Act ~~1985~~2006 applies, he has been appointed as the auditor of that *corporate member* in accordance with the provisions of the Companies Act ~~1985~~2006;

- (b) in the case of a *corporate member* which is incorporated in any member state of the European Union~~Community other than the United Kingdom~~, he is qualified to act as an auditor of a company for the purposes of the legislation of that member state which implements the Eighth Council Directive (84/253/EEC);
- (c) in any other case, the *Council* has given its prior written consent.

1. The **Requirements made under the Overseas Underwriting Byelaw**: changes to **Chapter 3** are amended by the inserted text underlined as shown –

#### **PART B INSURANCE SERVICES**

##### **2. Provision of services**

(1) Lloyd's Canada Inc ("LCP") on behalf of Lloyd's Underwriters in Canada may provide the services referred to in subparagraph (2) on the terms prescribed by these Rules.

2. The **Agency Obligations of Lloyd's Managing Agents (Market Bulletin 090/ 99)**: changes to paragraph 2 (Ballot) are amended by the inserted text underlined as shown –

##### 2. Ballot

The conditions specified in this paragraph are as follows:

(a) the managing agent has fully and fairly disclosed to the members of the Syndicate:

(i) the terms of the Proposal; and

(ii) the nature of any conflict of duty or interest or potential conflict of duty or interest of the managing agent with regard to the Proposal; and

(b) the managing agent has conducted a ballot of the members of the Syndicate in question and who are not Related Persons no earlier than 21 days and no later than 60 days from the date of disclosure referred to in sub-paragraph (a) or in paragraph 2(a).

The managing agent must offer a postal option for voting in the ballot and can also choose to offer members the option to vote by e-mail or such other electronic means as the managing agent may determine (provided the managing agent is satisfied, and ensures the integrity of voting process).

(c) the managing agent and its auditors certify to the Council that a resolution to approve the Proposal has been approved in the ballot by a majority by Value of the members of the syndicate who have voted in the ballot and who are not Related Persons.