

GUIDANCE NOTES

CORPORATE MEMBERSHIP (CMIF88)

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GENERAL INFORMATION

1. BACKGROUND

These Guidance Notes are for persons seeking to establish a corporate member of Lloyd's which is either a company incorporated in the UK or a limited liability partnership (LLP) incorporated in England & Wales, hereinafter referred to as the Candidate(s).

A candidate should be a newly incorporated company and must not have engaged in any business activity except for the purposes of applying to become a corporate member of Lloyd's or obtaining funds required to enable it to do so.

Candidates are not permitted to include the word "Lloyd's" in their name. Please also note Companies House 'sensitive word' restrictions on name.

No new LLP member may be an overseas Resident.

It is the responsibility of the Candidate and its professional advisers to ensure that any marketing, distribution and sale of securities in the Candidate or any holding company complies with all relevant local regulations and securities laws. Lloyd's accepts no responsibility or liability in this regard. Copies of any marketing literature proposed to be issued by, or on behalf of, the Candidate should be provided with the application.

An application for corporate membership will generally involve seeking permission to be admitted as a member of Lloyd's and permission to underwrite insurance business at Lloyd's. Where a Candidate is not seeking permission to underwrite immediately, it should discuss arrangements with Lloyd's Market Services.

Every member shall appoint and always retain a member's agent to act in respect of its underwriting business and affairs at Lloyd's unless the Council otherwise consents.

The application process is divided into two parts – the first part involves the submission **of Stage 1** documentation and the second part the submission of Stage 2 documentation. Details of the documentation are set out below. **Stage 2** documentation will normally be provided to Candidates by the Market Services after the Stage 1 documentation has been submitted and the Candidate has advised how its funds at Lloyd's (FAL) are to be provided. However, Candidates have the option of providing both sets of documentation at the same time if they so wish and should contact Market Services to make arrangements.

2. TIMETABLE FOR SUBMISSION

Please refer to the Lloyd's Business Timetable for Stage 1 and Stage 2 Submission dates at:

<https://www.lloyds.com/tools-and-systems/business-timetable>

3. Stage 1 documentation

Before an application will be processed, a complete set of Stage 1 documentation must be submitted to Market Services. The Stage 1 documents are:

- The application form (CMIF88)
- A copy of the Candidate's certificate of incorporation
- In the case of a LLP, a copy of the application for incorporation of the Candidate (Form LLIN01)

A completed PIF250 for each person (individual or body corporate) seeking to be a director, controller, authorised signatories or LLP Member of the Candidate. Please note that certain persons may be exempted from providing a Questionnaire under Advance Consent Regime, but Lloyd's retains the right to request a Questionnaire where this is considered appropriate.

All individuals (regardless as to whether they fall under Advance Consent Regime) must submit one ID verification document and one Address verification document from the list below with the application form:

Proof of legal form and existence:

- Company Registry extract
- Certificate of Incorporation
- Memorandum or Articles of Association
- Partnership agreement
- Approved regulator screen print
- Approved exchange screen print

NB: Company formation documents and other official documents must clearly state the name of the entity and the registration number where applicable

Proof of legal name:

- Company Registry extract
- Extract from an approved regulator's website
- Certificate of Incorporation
- Memorandum or Articles of Association

Proof of trading name:

Any primary source or two secondary sources can be used to identify and verify the registered address:

- **Primary Source**
 - Certificate of Incorporation
 - Memorandum, or Articles of Association
- **Secondary Source**
 - Copy of the current prospectus
 - Latest signed, audited annual report and accounts

Authorised signatories

Submit F&P form(s) for all individuals who are authorised to give instruction for the movement of funds/assets

Identification Verification documents

The below Government-issued (valid) ID documents are deemed acceptable (either original or originally-certified copy):

- Unexpired copy of a passport
- Unexpired Photocard Driving Licence with signature (full or provisional)
- Unexpired National Identity Card with signature and photograph
- Unexpired Firearms Certificate / Shotgun Licence

Verification documents - address

The below is a list of acceptable Address verification documents (either original or originally-certified copy):

- Unexpired Photocard Driving Licence with signature (full or provisional) (if not used previously for ID verification)
- Utility bill dated within previous 3 months (no mobile phone bills)
- Bank Statement within previous 3 months (UK, EU or equivalent jurisdiction regulated financial institution – not an internet-printed statement)
- Council tax bill within previous 3 months
- Instrument of a Court appointment (liquidator or grant of probate)

NB: PO box addresses are not acceptable

Certification

All verification documentation must be Certified in line with the below:

- Certification must be of original documents
- Certified copies of certified copies can be accepted as long as the audit trail is complete and the certification on all copies meet the Lloyd's standards
- Photographs certified as copies of the original can be accepted as long as the person who took the photograph has certified it appropriately in line with the below and the certification on the original meets our standards

Who can certify:

An independent certifier who is part of a professional body membership with professional/regulatory obligations:

- Solicitor
- Lawyer
- Accountant
- FCA Registered Person

The following must be recorded (by the certifier) on each document:

- Name of the certifier
- Signature of the certifier
- Job title of the certifier
- Professional body membership they are part of
- Date of certification

Written confirmation from the certifier the copies are true and exact copies and that they have seen the original, suggested text ***"I hereby certify that this is a true and correct copy of the original document sighted by me"***

Tax documentation relating to the Candidate's involvement in US business, namely

- US Federal Income Tax Questionnaire CM36
- Power of Attorney and Declaration of Representative CM35B
- Combined Substitute Form W-8 BEN / W-8 BEN-E Certificate of Foreign Status and Substitute Form W-9 – Request for Taxpayer Identification Number and Certification
- Attachment to W-8 BEN-E
- Application for an Employer's Identification Number SS-4
- W-8IMY (Applicable to LLP's only)
- US Tax Agreement CM232

A completed and signed "Voting Constituency (Council Elections) Form" (reflecting ownership structure).

In the case of a company Candidate, a detailed chart showing the proposed group structure and identifying:

- All the controllers of the Candidate and all connected companies (including the level of interest, both equity and voting held by each Controller in the company which it controls);
- The jurisdiction in which each controller is incorporated (including the registration number of the corporate controller or equivalent if registered outside the UK);
- Where a controller is a regulated entity, the name of the regulatory body and its regulator's reference number (where applicable);
- All insurance and reinsurance carriers, underwriting agents, corporate members and Lloyd's brokers within the group;
- Whether any company is listed on any stock exchange.

The Membership Agreement (Company or

LLP) **The correct application fees**

All Overseas documentation needs to be translated into English – it is required that the translator is an independent party to the application and must be verified.

Classification: Confidential

Details regarding the current fees can be found in Market Services charges 2019

Candidates should seek advice from their members' agent to see whether they qualify as a private successor vehicle or as a Nameco.

All fees are non-refundable.

If payment is being made by telegraphic transfer, the bank account details are set out below. Please quote the name of the Candidate when making payment.

Sort code	60-00-01
Account number	13626469
Bank	National Westminster Bank plc City of London Office P O Box 12258 1 Princes Street London EC2R 8AP
Account name	Corporation of Lloyd's

4. Stage 2 documentation

Certain Stage 2 documentation must be provided by all Candidates, whilst other documentation will depend on how the Candidate is providing its funds at Lloyd's (FAL).

The documents to be provided by all Candidates are:

- Premiums Trust Deed for general business and also for long term business where the Candidate is to participate on a Life syndicate. (Please note there are separate versions for companies and LLPs)
- Notice of Provision of Lloyd's Deposit
- Members' Agent Declaration and Confirmation (where the Candidate is appointing a members' agent)
- Managing Agent's Confirmation relating to introductory commissions
- Bank statement; paying-in slip or a letter from the bank confirming the member's account details outlining the full name of the account, account number and sort code.

Auditor's Undertaking

In the case of a Candidate which has not appointed a members' agent, a corporate member's syndicate list

In the case of an LLP, the LLP Members' Agreement signed by all LLP Members

A complete list of Stage 2 documentation relating to FAL is set out on page 10. Documents to be provided by the Candidate will depend on the type of asset(s) to be lodged as FAL. Candidates will be advised by Market Services on which forms will be necessary, but should the Candidate have any questions these should be directed to Market Services.

5. LLOYD'S REQUIREMENTS

All members must have a UK bank account in the member's name or trading name as stated on Companies House.

The main Lloyd's requirements directly relating to corporate members are set out in the following documents:

- Lloyd's Membership Byelaw
- The Membership & Underwriting Requirements (Corporate Member) contained in Market Bulletin Y4071
- The Membership & Underwriting Conditions and Requirements (Funds at Lloyd's) contained in Market Bulletin Y5033
- Lloyd's byelaws and market bulletins are available on Lloyd's website, <http://www.lloyds.com/>
- Every Corporate Member must be a UK Tax Resident, please refer to Market Bulletins Y4813 and Y4819
- Money Laundering Regulations 2018 and Joint Money laundering Steering Group (JMLSG) Guidance Notes

6. FURTHER INFORMATION

Questions and information to be provided in connection with the application process should be directed to Market Services at Lloyd's in the first instance via email ClientOnboarding@lloyds.com or addressed to the Client Onboarding & Review team at Fidentia House, Walter Burke Way, Chatham Maritime, Chatham, Kent ME4 4RN.

7. THE APPLICATION FORM

Candidates should identify on the front of the form the date on which they wish to commence underwriting. In many cases this will be **1 January of the following year**. In other situations, for example where the application is part of a proposal to establish a new syndicate, a different start date may be contemplated.

SECTION A

Lloyd's prior consent is required for all persons seeking to be a controller/LLP Member in the Candidate. The definition of controller is set out in section 422 of the Financial Services and Markets Act 2000 and includes any person who holds 10% or more of the shares in the Candidate or its parent undertaking.

However, for due diligence, Lloyd's requires the details of all the shareholders under 10%.

Each controller/LLP Member must complete the appropriate Personal Information Form (PIF) except where that person is seeking an exemption under Advance Consent Regime, in which case the basis on which the exemption is sought should be stated together with any membership or authorisation reference number.

A person may be exempted from completing a Questionnaire if that person:

- is already an individual member of Lloyd's
- has already been approved, or has made an application to be approved, as a director, LLP Member, limited partner or controller of another corporate member or as a director or controller of a managing agent
- has been approved by the FCA as a controller of an authorised firm

Lloyd's prior consent is required for all persons seeking to be a director of the Candidate. Such persons must complete the appropriate Personal Information Form (PIF) except where that person is seeking an exemption under Advance Consent Regime, in which case the basis on which the exemption is sought should be stated together with any membership or authorisation reference number.

A person may be exempted from completing a Questionnaire if that person:

- is already an individual member of Lloyd's
- has already been approved, or has made an application to be approved, as a director of another corporate member or a managing agent
- is registered with the FCA as an approved person

SECTION B

The Candidate should provide details of its Members' Agent, Auditor and Legal Adviser.

Unless Lloyd's agrees otherwise, all Candidates must appoint a members' agent.

As a rule, Lloyd's does not permit a US person to hold an interest in a corporate member at Lloyd's. There are certain limited exceptions, for example if the US person is an existing individual member of Lloyd's converting to limited liability underwriting, or if the interest is in a listed parent company of the corporate member. If the answer to this question is YES, it is recommended that Market Services is contacted for further guidance.

Where Lloyd's permits a US person who is an individual to have an equity interest in the Candidate, it is a requirement that all persons with an equity interest in the Candidate must qualify as an accredited investor. Certification as to status will be required from such persons on an annual basis. Candidates should discuss this matter with their members' agent.

SECTION C

The collateral securing the repayment of any amounts paid under a guarantee or letter of credit (LOC) cannot comprise directly or indirectly a security interest over a principal private residence.

Credit institutions seeking to provide a LOC or bank guarantee on behalf of the Candidate must meet Lloyd's minimum criteria and be on the approved list. Lloyd's will notify the Candidate if the named credit institution is not on this list. If the Candidate is not able to provide details of the credit institution at this stage, it should (where in doubt) seek Lloyd's confirmation that the credit institution is on the approved list before an LOC or guarantee is provided as FAL.

Please note that Lloyd's prescribes the wording of the LOC or guarantee, and Lloyd's does not accept any alterations to this wording.

Further details on FAL requirements for corporate members can be found in the Membership & Underwriting Conditions (Corporate Member).

Lloyd's may act as custodian for assets that are to be used as FAL. However, where the Candidate proposes to appoint a credit institution as custodian, the credit institution must be approved by Lloyd's to act in that capacity. Where the Candidate has any doubts please contact Market Services.

Lloyd's will need to be a party to any custodian agreement and Candidates should request copies of Lloyd's prescribed pro forma contracts. Any changes proposed to these prescribed contracts must be agreed with Lloyd's in advance and therefore should be submitted as soon as possible.

Lloyd's consent will be required for a person to act as investment manager for the Candidate's FAL.

Lloyd's will need to be a party to the investment management agreement and Candidates should request copies of Lloyd's prescribed pro forma contracts. Any changes proposed to these prescribed contracts must be agreed with Lloyd's in advance and therefore should be submitted as soon as possible. No trading in securities lodged as FAL will be permitted until an approved investment management agreement is in place.

Any arrangement where FAL, or the security for the provision of such funds, is to be provided by, or on behalf of, a person other than the Candidate (or its parent undertaking or a connected company) must be disclosed in advance and Lloyd's may require further information.

An example of such an arrangement is where the Candidate is proposing to enter into a reinsurance contract under which the reinsurer agrees to provide financial support directly or indirectly to the Candidate.

Where FAL is to be provided by any person other than the candidate, please ensure that the third party has sought approval from Market Services via a Third Party Information Form TPIF210 application form prior to the submission of FAL.

A Candidate that is to support a single Lloyd's syndicate has the option of holding capital supporting its underwriting in the syndicate premiums trust fund rather than centrally within FAL. This option is not available for capital provided by way of a letter of credit or bank guarantee. Candidates wishing to know more should refer to Market Bulletin Y5033 dated 2 November 2016.

SECTION G

The Membership Byelaw and Enforcement Byelaw can be found on <http://www.lloyds.com/>

The application form must be executed as a deed. Candidates will need to complete the execution page in accordance with the appropriate procedures under their constitutions for the execution of deeds. Included on the execution page are the alternative methods of execution applicable to companies incorporated under the Companies Act in England & Wales or Scotland.

8. DEFINITIONS

Words and expressions used in the Stage 1 and Stage 2 documentation have the same meaning given to them in the Definitions Byelaw (No. 6 of 2005) and in the Membership and Underwriting Requirements (Corporate Member). Certain of these words and expressions are set out below, together with other terms used in the application form.

Connected company	means anybody corporate which is under common control with a corporate member.
Controller	shall have the meaning given in section 422 of the Financial Services and Markets Act 2000 and control shall be construed accordingly.
Conversion vehicle	means a corporate member established pursuant to a conversion scheme or private arrangement under the Conversion Rules. The Conversion Rules allow for an existing individual member of Lloyd's to transfer his Lloyd's involvement into a new corporate member.
Director	includes any person occupying the position of director by whatever name called and shall include a person acting as an alternate director.
Designated Member	means every person who is a designated member of the LLP in accordance with section 8 of the Limited Liability Partnerships Act 2000.
FAL or funds at Lloyd's	Funds of an approved form that are lodged and held in trust at Lloyd's as security for a member's underwriting activities.
Intermediate controller	means a controller that is a body corporate and which is a parent undertaking of another company (A) and is a subsidiary undertaking of another company (B).
Limited partner	means an individual or company who is registered as a limited partner of a SLP pursuant to the Limited Partnerships Act 1907.
LLP	means a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000.
LLP Member	means a member of the LLP as determined by the provisions of the LLP Members' Agreement.
LLP Members' Agreement	means the agreement between each of the LLP Members and the LLP setting out the rights and obligations of each of them.
Parent Undertaking and Subsidiary Undertaking	have the meanings given in section 1162 of the Companies Act 2006.
SLP	means a limited partnership formed in Scotland under the Limited Partnerships Act 1907.

9. FUNDS AT LLOYD'S – STAGE 2 DOCUMENTATION

The following Stage 2 documents relate to FAL. Documents to be provided in any circumstance will depend on the type of assets that are to be lodged as FAL. Market Services will advise the Candidate and supply it with the correct documents to be completed and returned.

Candidates should be aware that all these documents are in a form, or forms, prescribed by Lloyd's. Lloyd's will not accept any variations to the wordings of any of these documents, except where highlighted below (*) and where such variation has been expressly agreed in advance with the Candidate. There are different versions of some of the following documents, depending on whether the FAL is being used to support the underwriting of general insurance business or long-term insurance business.

FAL provided by way of letter of credit or bank guarantee:

- Letter of credit
- Syndicated letter of credit
- Bank guarantee
- Joint guarantee
- Security and trust deed (Letter of Credit and Bank Guarantee)

FAL provided by way of cash or securities:

- *Investment management agreement relating to a Lloyd's deposit
- *Agreement supplemental to an investment management agreement
- *Custody agreement relating to a Lloyd's deposit
- Deposit trust deed
- Deposit trust deed (Third Party Deposit)