

## *Market Bulletin*

# LLOYD'S

One Lime Street London EC3M 7HA

**FROM:** Head of Admissions & Coverholders  
**LOCATION:** 86/G5  
**EXTENSION:** 5743  
**DATE:** 24 September 2003  
**REFERENCE:** Y3148  
**SUBJECT:** Advice of changes to the general administration of Lloyd's corporate members.  
**SUBJECT AREA:** Lloyd's corporate members  
**ATTACHMENTS:** Yes  
**ACTION POINTS:** Members' agents and direct corporate members to note  
**DEADLINE:**

With effect from the 30 September 2003 a number of activities relating to the general administration of Lloyd's corporate members will be transferred from the Admissions Department to the Members Services Unit. This bulletin explains these changes.

This bulletin is being sent to all members' agents, corporate advisers and direct corporate members and for information to Market associations, including the ALM.

**For further information please contact Nigel Williamson, Admissions on 7327 6415 (e-mail: [nigel.williamson@lloyds.com](mailto:nigel.williamson@lloyds.com) or Beverly Stracey, Membership Arrangements section.**

Matthew Chandler  
Head of Admissions and Coverholders  
Risk Management

## Executive Summary

Following a restructuring within the Admissions Department (“Admissions”) of Lloyd’s Risk Management Division, from 30 September 2003 much of the administration of Lloyd’s Corporate Members currently handled in Admissions will be transferred to the Membership Arrangements section within the Members Services Unit in Chatham. This will complement the work currently handled there, including the administration of Members’ Funds at Lloyd’s, the stage 2 application documentation and the processing of the annual Declarations of Compliance.

## Work being transferred

The following work is to be transferred from the above date and all relevant documents should henceforth be sent to the Membership Arrangements section along with the relevant application fee(s):

- Stage 1 application documentation for all new members;
- Applications to appoint new directors of an existing corporate member;
- Applications to appoint (a) new controller(s) of existing corporate members<sup>1</sup>;
- Applications to approve new sponsors, legal advisors or auditors;
- All the documentation required to satisfy corporate members’ annual reporting requirements (ie. The annual accounts and the declarations of compliance).

It should be noted that Admissions will retain ultimate responsibility for this work and the Membership Arrangements section will refer contentious or technical issues to Admissions. The Membership Arrangements section will advise applicants of such referrals.

## Contacts in the Membership Arrangements Section

The following individuals will initially be responsible for the transferred work:

Name	Contact No	E-Mail
Beverly Stracey	01634 39 2824	<a href="mailto:beverly.m.stracey@lloyds.com">beverly.m.stracey@lloyds.com</a>
Joan Hook	01634 39 2877	<a href="mailto:joan.hook@lloyds.com">joan.hook@lloyds.com</a>
Michael Goss	01634 39 2195	<a href="mailto:michael.goss@lloyds.com">michael.goss@lloyds.com</a>
Robin Knight	01634 39 2584	<a href="mailto:robin.knight@lloyds.com">robin.knight@lloyds.com</a>
Julie Skinner	01634 39 2907	<a href="mailto:julie.skinner@lloyds.com">julie.skinner@lloyds.com</a>

Karen Fox is responsible for the immediate management of this team.

## Work remaining with the Admissions Department

Admissions will retain ultimate responsibility for all consent related applications from

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<sup>1</sup> Where this occurs as a result of a proposed change of the controllers of a Lloyd’s Underwriting Agency (which will result in the change of control of any controlled corporate members), the whole application should continue to be sent to Admissions.

corporate members and will also continue to administer directly the following:

- final sign-off approval of all new corporate member applications;
- consideration and approval of Third Party funding arrangements; and
- resolution of contentious and technical issues.

### **Application Documents - Director/Controller Fitness & Propriety Questionnaires and change of corporate member controller questionnaire**

As part of the transfer process, Admissions has taken the opportunity to review and, where necessary, revise certain corporate member application forms. The review of the above forms is complete and electronic versions are available now from either Admissions or the Membership Arrangements section. **Please note that applications received after 30 September 2003 using a previous version of these forms will be returned.**

A review of the Third Party Funding documents (Questionnaire and Declaration & Undertaking) is underway and we will advise when the new versions are available.

### **Other matters**

- *The Continuing Requirements of Membership:* All corporate members are reminded of their obligation to comply with these requirements, which are set out in Section D of the Membership Byelaw. Of these requirements, paragraph 14 particularly addresses the need for corporate members to seek consent for, or to notify Lloyd's of, changes in their control or management structure and sub paragraphs (1) – (3) are reproduced in appendix 1 of this bulletin for reference. Furthermore, all corporate members should be familiar with the Membership & Underwriting Requirements (Corporate Members), copies of which are available from the Membership Arrangements section on request.
- *Advance consent regime for approval of Directors or Controllers of corporate members:* The recent bulletin on advance consents (Y3116 issued 14 August 2003) set out the arrangements for appointing directors already approved or currently registered under Lloyd's Individual Registration process.

There is no advance consent regime for approval of corporate member controllers. However, where the new controller group includes a Lloyd's Underwriting Agency, F&Ps will not be required for Immediate and/or Ultimate controllers that are currently approved.

- *New corporate member applications:* You are reminded that the deadline for applications to establish a new corporate member to participate in the 2004 year of account is 26 September 2003 and that Stage 1 documents should be sent to the Membership Arrangements section by this date.

*[Extract from Paragraph 14 of the Membership Byelaw (No 17 of 1995)]*

**14. Consent to, and notification of, changes**

- (1) No person shall, without the prior written consent of the Council-
- (a) be a controller of a corporate member.
  - (b) be a controller of two or more corporate members.
- (2) No corporate member shall, without the prior written consent of the Council, cause or permit any of the events listed below to occur-
- (a) in the case of a body corporate, the appointment of a person as a director of the corporate member;
  - (b) in the case of a body corporate, a merger between the corporate member and another body corporate;
  - (c) the appointment of itself as a director of another corporate member;
  - (d) an insolvency event;
  - (e) any event requiring the agreement of the council under any other paragraph of this byelaw, or any conditions and requirements prescribed by the council under any other paragraph of this byelaw;
  - (f) any other event which the Council may prescribe for the purposes of this sub-paragraph.
- (2A) A corporate member which is a body corporate shall, so far as it lies within its powers, procure that no person who is a controller of the corporate member shall acquire a notifiable holding in the corporate member unless:
- (a) that person has given notice to the Council stating that he intends to acquire a notifiable holding in that corporate member and containing such particulars as the Council may require; and
  - (b) either the Council has, before the expiry of the period of three months beginning with the date of service of the notice (or of such longer period beginning with that date as the Council may, before the expiry of the three month period, notify to him), notified him in writing that there is no objection to his proposed acquisition or that period has expired without the Council having served a written notice of objection.
- (3) A member shall promptly notify the Council in writing of the occurrence of any of the following together, in each case, with such information as the Council may prescribe-
- (a) in the case of an individual member, a decision to change his country of residence or his nationality or his domicile;
  - (b) in the case of a corporate member-
    - (i) a director of the member ceasing to be a director;
    - (ii) its becoming aware that a person has ceased or is proposing to cease to be a controller of that member;
    - (iii) the appointment by that member of an auditor;
    - (iv) an auditor of that member vacating office;
    - (v) a decision to change the date to which the accounts of the member are prepared;

- (vi) a change in the date to which group accounts of any controller or holding company of the member which are required to be sent to the Society by paragraph 16 are prepared;
  - (vii) any change in its constitution;
  - (viii) a decision to appoint or terminate the appointment of any agent appointed by the member for service of notices under paragraph 54;
  - (ix) a decision to reduce its issued share capital or any part thereof;
- (c) in the case of any member-
- (i) the occurrence of any insolvency event in relation to that member;
  - (ii) a material change in any information furnished to the Council in connection with an application by that member for membership or in connection with a review under paragraph 11 of the admission of that member and not required to be disclosed under any other provision of this paragraph.
  - (iii) any other event which the Council may prescribe for the purposes of this sub-paragraph.

*[Paragraph 14 continues]*