

MARKET BULLETIN

REF: Y4950

Title	Recruiting Staff – Protecting Confidentiality of Third Party Information
Purpose	To remind of the need to protect against receiving confidential third party information when recruiting staff
Type	Event
From	Paul Brady, Head of Market Conduct General Counsel & Risk Management
Date	18 December 2015
Deadline	Immediate
Related links	

Lloyd's has recently taken enforcement or other regulatory action against a number of individuals in the Lloyd's market for having taken confidential information from their employer. In a number of instances, this has arisen where an individual has sought employment elsewhere and has provided the information to the potential new employer or has intended to use the information in their new role.

This bulletin provides the market with guidance to help minimise the risk that confidential information may be improperly provided to a new or potential employer.

Arrangements to avoid improper disclosure of information

While the movement of staff is a normal part of the market, nevertheless all participants have a legitimate right to expect that their confidential information will be respected and not misused. In the first instance, that means employer firms must take suitable steps to protect their own confidential information by putting in place appropriate legal safeguards, security arrangements and training for their staff. Lloyd's, however, wishes to ensure that recruiting employers in the market also play their part.

Accordingly, Lloyd's is asking that all recruiting employers should address the following as part of their recruitment process:

- 1 Ensure that where their staff are involved in recruiting new individuals to the firm that these staff members are made aware of the obligation to respect the confidential

information of the current or former employers of the applicants. At a minimum, it should be made clear to staff, when recruiting new individuals, that they should not solicit confidential information. In addition they should be asked to report any instances where they come into possession of confidential information that they believe has been improperly disclosed.

- 2 At an early stage in the recruitment process the individual applying for the position should be reminded of their obligation to respect the confidential information of their current or former employer and that they should not seek to use or disclose any such information in seeking employment from the recruiting firm. It should also be made clear that misuse of confidential information may result in disciplinary action being taken. Appendix 1 provides suggested text that can be used for this purpose. This reminder should also be included in any offer letter made to the individual.

Improper disclosure of confidential information – enforcement action by Lloyd’s

Lloyd’s takes very seriously any improper disclosure of confidential information. Where appropriate Lloyd’s will take disciplinary action against individuals who are found to have breached confidentiality. Previous cases pursued have resulted in individuals facing substantial fines (see [Market Bulletin Y4750](#)) or suspensions from the market (see [Market Bulletin Y4280](#)).

Lloyd’s may also take disciplinary action against recruiting firms if they are found to have improperly received confidential information or encouraged its disclosure. In deciding whether to bring enforcement proceedings, the Market Supervision & Review Committee at Lloyd’s, which is responsible for instituting enforcement actions, has indicated that it will have regard to whether the recruiting firm followed the guidance set out in this bulletin.

Appendix 1

Suggested text to be provided to individuals by recruiting employers during the recruitment process:

“In the course of your current or any previous employment it is likely that you have obtained knowledge of or access to confidential information. That information may also be commercially sensitive. It is important that you do not make use of that information or disclose it to us as part of the application process unless you have permission to do so. If you have any questions in this regard please raise them with us before sharing any information.”

Lloyd’s has asked firms to emphasise that any misuse or wrongful disclosure of confidential information could result in enforcement action being taken.”