

Appendix 2

Audit Arrangements

Byelaw - Redline

AUDIT ARRANGEMENTS BYELAW

Commencement

~~Subject to subparagraph (2) this~~ This Byelaw came into force on 15 April 1998.

Amendments

This byelaw was amended by

Captive Corporate Members Byelaw (No. 19 of 1998)
Intermediary Amendment Byelaw (No. 10 of 2000)
Audit Arrangements (Amendment) Byelaw (No. 16 of 2000)
[Legislative Reform \(Lloyd's\) Order \(Consequential Amendments\) Byelaw \(No. 6 of 2008\)](#)

Explanatory Note

(This note is not part of the byelaw)

~~This byelaw which comes into force on 15 April 1998:~~

- ~~(i) revokes the Syndicate Audit Arrangements Byelaw (No. 10 of 1984) (paragraph 16); and~~
- ~~(ii) This byelaw introduces “recognised accountant” as the generic term for an accountant engaged appointed in accordance with the terms of this byelaw either by a syndicate to perform the annual solvency audit or annual syndicate audit or by a syndicate ~~or Lloyd's broker~~ to act as reporting accountant ~~(parts B & C)~~.~~

~~Any accountant so engaged is “recognised” by Lloyd's so as to maintain the approval process necessary to ensure Lloyd's continued compliance with section 83 of the Insurance Companies Act.~~

The Byelaw:

- (i) requires the ~~completion of an application form and the~~ provision to Lloyd's of an undertaking in the appropriate form (paragraph ~~6~~2(6)); and
- (ii) requires syndicates and ~~Lloyd's brokers~~underwriting agents to appoint recognised accountants for reporting to Lloyd's on compliance matters. ~~The regime for Lloyd's brokers is not yet fully developed and transitional arrangements set out in paragraph 17 will apply; and~~

- (iii) empowers Lloyd's to commission reports from recognised accountants on either general issues which affect the whole community or *ad hoc* issues which affect one or more entity (paragraph [135](#)); and
- (iv) imposes a duty on recognised accountants to report matters of material significance to Lloyd's (Schedule 2).

Part A – Interpretation

1. Interpretation

Part B - ~~The List Of~~ Recognised Accountants

- ~~2. The list~~
- ~~3. Entry in the list~~
- ~~4. Conditions of entry in the list~~
- ~~5. Removal from the list~~

~~Part C – Recognised Accountants~~

- ~~6~~2. Duty of Syndicate to appoint recognised accountant in each year
- ~~7~~3. Duty of ~~Broker~~Underwriting Agent to appoint recognised accountant ~~in each year~~as auditor
- ~~8~~4. Restrictions on appointment as recognised accountant
- ~~9. Resignation and removal of recognised accountants~~
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- ~~12. Disclosure of information~~
- ~~13~~6. Reports
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- ~~15. Notices and other documents to be sent to members' agents~~

~~Part D – Supplementary And Transitional~~

- ~~16. Revocation~~
- ~~17. Saving and transitional provisions~~
- ~~18. Commencement~~

Schedule 1 Interpretation

Schedule 2 Contents of recognised accountant undertaking

Schedule 3 Terms of appointment

The Council of Lloyd's in exercise of its powers under section 6(2) of Lloyd's Act 1982 by special resolution hereby makes the following byelaw.

Part A – Interpretation

1. Interpretation

Schedule 1 to this byelaw (interpretation) shall have effect.

Part B - ~~The List Of~~ Recognised Accountants

~~2- The list~~

- ~~(1) The Council shall establish and maintain a list of all individuals and firms entitled to act as a recognised accountant.~~
- ~~(2) The entry of the name of any individual or firm in the list shall be conclusive in determining whether that individual or firm is for the time being entitled to act as a recognised accountant.~~
- ~~(3) Section 26 of the Companies Act 1989 shall be deemed to apply to appointments made for the purposes of this byelaw.~~

~~3- Entry in the list~~

- ~~(1) Any eligible person may apply to the Council for the entry of his name in the list; applications shall be made in accordance with such procedures and shall be accompanied by such documents and information as the Council may from time to time determine.~~
- ~~(2) The Council shall not enter the name of any individual or firm in the list unless it is satisfied that:~~
 - ~~(a) he is an eligible person;~~
 - ~~(b) that having regard to such other matters as the Council may consider relevant, he is suitable to be a recognised accountant; and~~
 - ~~(c) a copy of the undertaking as set out in Schedule 2 to this byelaw signed by the individual or on behalf of the firm has been received by the Council.~~
- ~~(3) The Council may at any time determine (without prejudice to the other powers of the Council under paragraph 5) that the entry of the name of any person in the list shall expire after a specified period being not less than one year from such determination. Notice of such determination shall be given to the recognised accountant concerned within 14 days thereof.~~

~~4- Conditions of entry in the list~~

~~The Council may, as a condition of the entry of the name of a person in the list, or of a person's name remaining in the list require that person to provide to the Council a written undertaking containing provisions to the effect, or substantially to the effect, set out in Schedule 2 to this byelaw, together with any such other provisions as the Council may specify.~~

~~5- Removal from the list~~

- ~~(1) The Council shall remove the name of a recognised accountant from the list:~~
 - ~~(a) if it is satisfied that he is no longer an eligible person; or~~
 - ~~(b) if he so requests; or~~
 - ~~(c) if three years have elapsed since the termination of his last appointment as a recognised accountant by any underwriting agent or syndicate.~~
- ~~(2) The Council may at any time remove the name of a recognised accountant from the list if it is satisfied that he does not meet any of the requirements of this byelaw.~~

- ~~(3) The Council may at any time remove the name of a recognised accountant from the list if that recognised accountant:~~
- ~~(a) fails to comply with any condition or requirement imposed on his name being permitted to remain in the list under sub-paragraph (4)(b); or~~
 - ~~(b) fails to comply with any term of any undertaking given to the Council under paragraph 4; or~~
 - ~~(c) fails to discharge adequately any of the duties or obligations imposed on recognised accountants by the Lloyd's syndicate accounting rules or by the Council; or~~
 - ~~(d) fails to discharge adequately any of the duties or obligations required to be undertaken or performed by the auditor of an underwriting agent pursuant to the Companies Act 1985, the Underwriting Agents Byelaw (No. 4 of 1984) or any other requirements of the Council.~~
- ~~(4) Where the Council proposes to remove the name of any recognised accountant from the list under sub-paragraph (1)(a) or (c), (2) or (3) above, the Council shall give the recognised accountant concerned at least 21 days' notice in writing specifying the reasons why the Council proposes to act and, before taking any action under any such sub-paragraph, the Council shall take into account any representations made by or on behalf of or in support of the recognised accountant concerned within such period. After taking account of such representations, the Council shall decide whether to:~~
- ~~(a) remove the name of that recognised accountant from the list; or~~
 - ~~(b) permit the name of that recognised accountant to remain on the list subject to compliance with such conditions as the Council may think fit; or~~
 - ~~(c) take no action;~~
- ~~and shall notify that recognised accountant of its decision.~~

Part C – Recognised Accountants

62. Duty of Syndicate to appoint recognised accountant in each year

- (1) Every syndicate shall, in annual general meeting, appoint a recognised accountant for the following purposes:
 - (a) the solvency audit required by paragraph ~~3.13~~ of the Solvency and Reporting Byelaw (No. ~~13 of 1990~~) ~~in connection with section 83(4) of the Insurance Companies Act 1982;~~ 5 of 2007);
 - (b) the annual audit of the ~~annual report~~underwriting year accounts, and every personal account or syndicate MAPA account pursuant to paragraph ~~148~~ to the Syndicate Accounting Byelaw (No. ~~188~~ of ~~1994~~2005); or
 - (c) reporting to the Council pursuant to paragraph ~~136~~ of this byelaw.
- (2) Every syndicate shall, in annual general meeting, appoint a recognised accountant on or before the relevant date in each year, to hold office from the relevant date in that year until the relevant date in the following year.
- (3) No appointment need be made under sub-paragraph (2) in respect of a syndicate in the year in which the first appointment of a recognised accountant of the syndicate is made under paragraph ~~115~~5(1).
- (4) For the purposes of this paragraph, “annual general meeting” means a meeting called pursuant to the provisions of paragraph 2(1)(a) of the Syndicate Meetings Byelaw (No. 11 of 1994).
- (5) Any member of a syndicate intending to propose, at an annual general meeting, any person or persons as a recognised accountant shall give the managing agent of that syndicate not less than 21 days’ written notice of such intention and of the identity of the person or persons he intends so to propose.
- (6) Any appointment of a recognised accountant shall include the provisions set out in Schedules 2 and 3 to this byelaw.
- (7)
 - (i) A syndicate auditor shall not seek any provision from the managing agent of a syndicate for which it carries out its duties as syndicate auditor exempting the auditor or any employee of the auditor from, or indemnifying it or any employee against, any liability which by virtue of any rule of law would otherwise attach to the auditor in respect of any negligence, default, breach of duty or breach of trust of which the auditor may be guilty in relation to the syndicate.
 - (ii) Sub-paragraph (i) shall not prevent the auditor:
 - (a) from seeking insurance from the managing agent against any such liability;

or

- (b) seeking indemnity from the managing agent against the liability incurred in defending any proceedings (whether civil or criminal) in which judgment is given in the auditor's favour or the auditor is acquitted.

6A3. Duty of underwriting agent to appoint recognised accountant as auditor

- (1) For its financial year commencing on or after 1 January 2000 and for each financial year thereafter every underwriting agent shall appoint a recognised accountant as auditor in accordance with, for the purposes of, and with the duties set out in, ~~sections 235–237 inclusive and~~ Chapters 1-3 of Part ~~XI~~ Chapter V ~~16~~ of the Companies Act ~~1985, Section IV~~ 2006 paragraph 53 of the Underwriting ~~Agents~~ Byelaw (No. ~~42~~ of ~~1984~~ 2003) and paragraph ~~13~~ 6 of this byelaw.
- (2) Any appointment of a recognised accountant as auditor shall include the provisions set out in Schedules 2 and 3 to this byelaw.
- (3)
 - (i) A recognised accountant appointed pursuant to this paragraph shall not seek any provision from the underwriting agent for which it carries out its duties exempting the recognised accountant or any employee of the recognised accountant from, or indemnifying it or any employee against, any liability which by virtue of any rule of law would otherwise attach to the recognised accountant in respect of any negligence, default, breach of duty or breach of trust of which the auditor may be guilty.
 - (ii) Sub-paragraph (i) shall not prevent the recognised accountant;
 - (a) from seeking insurance from the underwriting agent against any such liability; or
 - (b) seeking indemnity from the underwriting agent against the liability incurred in defending any proceedings (whether civil or criminal) in which judgment is given in the recognised accountant's favour or the auditor is acquitted.

84. Restrictions on appointment as recognised accountants

- (1) The Council may ~~in granting an eligible person entry of his name in the list under this byelaw~~ impose such conditions and requirements or grant such exemptions as it thinks fit in relation to the appointment of a recognised accountant, whether applying to the ~~eligible person~~ recognised accountant, syndicate or underwriting agent concerned or all of them, and may from time to time during the currency of any appointment vary or revoke any condition or requirement or impose additional conditions or requirements.

- (2) Without prejudice to the foregoing, any conditions and requirements prescribed under sub-paragraph (1):
- (a) may impose requirements which are absolute or which are to vary from time to time by reference to such factors as are specified in or determined in accordance with such conditions and requirements;
 - (b) may contain incidental, supplementary and transitional provisions.

~~9- Resignation and removal of recognised accountants~~

- ~~(1) A recognised accountant may resign from his office by depositing a notice in writing to that effect at the registered office of the managing agent of the syndicate or underwriting agent, as the case may be. The notice shall operate to terminate his office on the date the notice is deposited or on such later date (not being more than 60 days from the deposit of the notice) as may be specified therein.~~
- ~~(2) A recognised accountant depositing a notice under sub-paragraph (1) above shall at the same time send a copy of the notice to the Society.~~
- ~~(3) An underwriting agent may at any time, after giving to the Society and the recognised accountant at least 21 days' notice in writing of its intention to do so, remove any recognised accountant from office.~~
- ~~(4) Where notice has been given in accordance with sub-paragraph (3), the underwriting agent shall take into account any representations made by or on behalf of or in support of the recognised accountant concerned within such notice period. After taking into account such representations, the underwriting agent shall decide whether to:~~
 - ~~(a) withdraw the notice of removal; or~~
 - ~~(b) take no action;~~~~and shall notify the recognised accountant of its decision.~~
- ~~(5) The removal of a recognised accountant under sub-paragraph (3) above shall not have effect unless the relevant members of the syndicate in question and the recognised accountant as auditor of the syndicate have been given not less than 21 days' notice in writing by the managing agent of the grounds for such removal.~~
- ~~(6) Subject to sub-paragraph (7), if during his term of office a recognised accountant becomes to his knowledge disqualified by virtue of the conditions and requirements so prescribed pursuant to paragraph 8(1) from continuing to hold the office of recognised accountant, he shall thereupon vacate his office, and he shall give notice in writing that he has done so, specifying the ground of the disqualification, to the managing agent of the syndicate or underwriting agent and to the Society.~~
- ~~(7) Sub-paragraph (6) above shall not apply until the expiry of two months after the date of his becoming disqualified and the recognised accountant or the underwriting agent concerned may during that period of two months apply to the Council for an exemption pursuant to paragraph 8(1).~~
- ~~(8) If to the knowledge of the managing agent of the syndicate or underwriting agent concerned:~~

- (a) ~~a recognised accountant during his term of office becomes disqualified under paragraph 8(1) from continuing to hold the office of recognised accountant of that syndicate; and~~
 - (b) ~~the recognised accountant has not vacated his office in accordance with sub-paragraph (6) and (7) of this paragraph;~~
- ~~the underwriting agent shall by written notice to such recognised accountant, specifying the ground of the disqualification, forthwith remove him from office, and shall forthwith give notice in writing of the removal to the Society.~~
10. ~~Rights and duties of recognised accountants on resignation or removal~~
- (1) ~~Where a recognised accountant ceases to hold or resigns his office under paragraph 9 above he shall deposit at the registered office of the managing agent of the syndicate concerned or underwriting agent, a notice in writing containing either:~~
- (a) ~~a statement of any circumstances connected with his removal or resignation, which he considers should be brought to the attention of the members of the syndicate or company or partnership, as the case may be; or~~
 - (b) ~~a statement that there are no such circumstances as aforesaid;~~
- ~~and shall at the same time send a copy of the notice to the Society.~~
- (2) ~~An underwriting agent which receives a notice under sub-paragraph (1) above shall within 14 days of receipt send a copy of the notice to each relevant member and to the Society.~~

~~115~~. Appointment of recognised accountants

- (1) Where ~~at any time on or after 15 April 1998~~ a managing agent commences underwriting on behalf of the members of a newly formed syndicate, it shall as soon as practicable thereafter appoint a recognised accountant, to hold office as syndicate auditor until the relevant date in the following year.
- (2) Where:
 - (a) a recognised accountant resigns from or vacates his office; or
 - (b) an underwriting agent removes a recognised accountant from office;and as a consequence there is no recognised accountant concerned continuing in office, the underwriting agent ~~or Lloyd's broker~~ shall within 42 days appoint a new recognised accountant to hold office until the next relevant date.

~~(3) Written notice of every appointment of a recognised accountant under this paragraph shall not less than 21 days before it is made be given to:~~

- ~~(a) each relevant member; and~~
- ~~(b) the Society.~~

~~12. Disclosure of information~~

- ~~(1) Every underwriting agent shall allow the recognised accountant a right of access at all times to its accounting and other records.~~
- ~~(2) Every underwriting agent and every partner in or director or compliance officer of an underwriting agent shall provide to the recognised accountant such information and explanations as the recognised accountant thinks necessary for the performance of his duties.~~
- ~~(3) If a recognised accountant has not obtained all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his reports under this byelaw, he shall state that fact in the report which he makes.~~
- ~~(4) No underwriting agent, partner in or director or compliance officer of an underwriting agent shall fail to give to a recognised accountant any information required by him pursuant to sub-paragraph (2) above, or shall in giving or purporting to give any information or explanation which the recognised accountant so requires, or is entitled so to require, knowingly or recklessly make a statement which is misleading, false or deceptive in a material particular.~~
- ~~(5) References in this paragraph to a recognised accountant include a person carrying out a further examination pursuant to a direction given under paragraph 13 of this byelaw.~~

~~13~~6. Reports

- (1) Subject to sub-paragraph (2) if in any case it appears to the Council that there is good reason to do so, the Council may upon reasonable notice direct that any underwriting agent(s) ~~or any~~ commission a written report from ~~the syndicates~~ a relevant syndicate's or underwriting agent's recognised accountant on such subject and in such form as the Council directs.

- (2) Any underwriting agent directed to commission a report pursuant to sub-paragraph (1) shall make freely available to the relevant recognised accountant all information, documents or other material relating to such report, give them reasonable facilities in his premises for the purpose of examining such documents or other material and permit them to copy any such documents or material in its premises or elsewhere.
- (3) The Council may, if it is satisfied that circumstances so justify, require any managing agent who has been directed to commission a report pursuant to sub-paragraph (1) to pay or make a contribution towards any costs incurred or in connection with such report.

447. Powers of Council

- (1) Where there has been a breach of the requirements of paragraph 62, 73, 445(1) or (2), the Council may give such directions as the circumstances may appear to it to require, including without limitation a direction that within a specified period the underwriting agent appoint as recognised accountant such person or persons, to hold office for such period, as it may specify. The underwriting agent shall comply with any such direction, and shall give immediate notice of any appointment made pursuant to it to each relevant member and to the Society.
- (2) If an underwriting agent does not comply within the specified period with a direction to appoint a specified person or persons as recognised accountant given under sub-paragraph (1) above, the Council shall be deemed to be authorised to make the appointment on behalf of the underwriting agent.
- (3) A recognised accountant appointed under, or pursuant to a direction given under, this paragraph may not be removed before the expiry of his term of office without the prior written consent of the Council.
- (4) The Council may direct any executive of an underwriting agent to furnish to it any such information and explanations as it may require with respect to or in connection with any of the matters mentioned in this Part, and for that purpose may on reasonable notice require any such executive to attend before the Council or any person authorised by the Council for that purpose.

14A. Recognised accountant not to act as auditor of the syndicate and its managing agent

A recognised auditor shall not without the prior written consent of the Council act both as syndicate auditor for a syndicate and as auditor of the managing agent of that syndicate.

- ~~15. Notices and other documents to be sent to members' agent~~
- ~~(1) Any notice or other document which is required by this byelaw to be given or sent by the managing agent of a syndicate to a member who is a member of the syndicate under arrangements made by a members' agent shall be given or sent to that members' agent.~~
- ~~(2) Every members' agent which receives any document under sub-paragraph (1) above shall forward it forthwith to the underwriting member to whom it relates.~~

~~Part D – Supplementary And Transitional~~

~~16. Revocation~~

~~The following byelaws are revoked:~~

- ~~(1) The Syndicate Audit Arrangements Byelaw (No. 10 of 1984)~~
- ~~(2) The Syndicate Audit Arrangements (Amendment) Byelaw (No. 3 of 1985)~~
- ~~(3) The Syndicate Audit Arrangements (Amendment No. 2) Byelaw (No. 7 of 1989).~~

~~17. Saving and Transitional Provisions~~

~~Any appointment or condition or requirement made or other thing done under the Syndicate Audit Arrangements Byelaw (No. 10 of 1984) shall be deemed to have effect as if that appointment condition or requirement or other thing had been done under this byelaw.~~

~~18. Commencement~~

- ~~(1) Subject to sub-paragraph (2) this byelaw shall come into force on 15 April 1998.~~
- ~~(2) References and provisions relating in this byelaw to Lloyd's brokers shall not come into force until such future date is determined by the Council.~~

Schedule 1 – Interpretation

In this byelaw, unless the context otherwise requires, the following expressions have the following meanings –

~~“active underwriter” has the meaning given in paragraph 1(a) of the Underwriting Agents Byelaw (No. 4 of 1984);~~

“eligible person” means an individual, ~~or a firm, qualified~~ eligible for appointment as a statutory auditor ~~of a company under the terms in accordance with section 1212 of the Companies Act 1989 or a company permitted to act as auditor under the terms of the Companies Act 1985~~ 2006;

“executive” means, in relation to an underwriting agent, a person who:

- (i) is a director of or a partner in the underwriting agent, or a person in accordance with whose instructions the directors or partners of the underwriting agent are accustomed to act; or
- (ii) is the active underwriter or the run-off manager of any syndicate managed by the managing agent;

~~“list” means the list of recognised accountants established and maintained by the Council under this byelaw;~~

“Lloyd’s syndicate accounting rules” means

- (i) the Syndicate Accounting Byelaw (No. ~~188~~ of ~~1994~~ 2005);
- (ii) this byelaw;
- (iii) every other byelaw or regulation made under Lloyd’s Acts 1871 to 1982 and for the time being in force relating to the form or manner in which managing agents are to account to underwriting members for whom they act as such; and
- (iv) every requirement for the time being prescribed pursuant to any byelaw or regulation referred to in (i) to (iii) above;

“managing agent” ~~means, as the case may require:~~ has the meaning given to it in the Definitions Byelaw (no. 7 of 2005).

- ~~(i) an underwriting agent which is listed as a managing agent on the register of underwriting agents maintained under the Underwriting Agents Byelaw (No. 4 of 1984);~~
- ~~(ii) an underwriting agent which has been appointed to perform the functions of a managing agent pursuant to the Substitute Agents Byelaw (No. 20 of 1983);~~

“member of a syndicate” means an underwriting member underwriting insurance business as a member of a syndicate at Lloyd’s;

“recognised accountant” means an eligible person ~~whose name is for the time being entered in the list of recognised accountants;~~who has been appointed by a syndicate in accordance with paragraph 2 of this byelaw, or by an underwriting agent in accordance with paragraph 3 of this byelaw, or by a managing agent in accordance with paragraph 5(1) of this byelaw.

~~“recognised supervisory body” means a body established pursuant to section 30 of the Companies Act 1989;~~

“registered office” means, in relation to an underwriting agent which is not a company within the meaning of the Companies Act ~~1985,~~2006 its principal place of business for the time being (other than the Room);

“relevant date” means, in relation to a syndicate, the date the day after the date (or if more than one the earliest date) on which the annual general meeting of the syndicate is held pursuant to paragraph 2(1) of the Syndicate Meetings Byelaw (No. 11 of 1994);

~~“relevant guidance on confidentiality” means any rules or guidance on confidentiality made or issued by the recognised accountant’s Recognised Supervisory Body;~~

“relevant member” means, in relation to any appointment, resignation or removal of a recognised accountant appointed in relation to a syndicate, an underwriting member who is or was a member of the syndicate for any relevant year of account and for this purpose a “relevant year of account” is a year of account in respect of which an underwriting account is under the Lloyd’s syndicate accounting rules required to be included in the annual report next required to be prepared for the members of the syndicate concerned after that appointment, resignation or removal;

“reporting accountant” means an accountant appointed by a ~~Lloyd’s broker or a~~ managing agent on behalf of a syndicate or an underwriting agent for the purposes of reporting to the Council pursuant to paragraph ~~13~~6 of this byelaw;

“syndicate” means an underwriting member or group of underwriting members of Lloyd’s underwriting insurance business at Lloyd’s through the agency of a Lloyd’s underwriting agent to which member or group a particular syndicate number is assigned by the Council;

“syndicate auditor” means, in relation to a syndicate, the person, firm or company appointed pursuant to paragraph ~~6~~2 of this byelaw.

“underwriting agent” means a person permitted by the Council to act as an underwriting agent at Lloyd’s and listed on the register of underwriting agents maintained under the Underwriting ~~Agents~~ Byelaw (No. ~~42~~ of ~~1984~~2003).

Schedule 2 - Contents Of Recognised Accountant Undertaking

Any appointment of a recognised accountant shall require that recognised accountant to provide the following undertakings to the Council.

~~In consideration of the Council of Lloyd's ("the Council") granting approval of (the "individual"/the "company"/the "firm") and including his/its name in the list of recognised accountants under the Audit Arrangements Byelaw (No [] of) as amended, extended, consolidated or re-enacted from time to time ("the byelaw") I/we hereby provide the following undertakings to the Council.~~

"I/we hereby provide the following undertakings to the Council

1. ~~Inclusion in the list of~~Entitlement to act as a recognised ~~accountants~~accountant
 - (1) The individual/company/firm recognises that its ~~inclusion in the list of recognised accountants entitled~~entitlement to act as auditor of an underwriting agent or as a syndicate auditor or as a reporting accountant for a syndicate or underwriting agent under the provisions of Lloyd's syndicate accounting rules (~~"the list"~~) is conditional on the provision of the undertakings set out herein and compliance with such other conditions set out in paragraph 6 as the Council may have specified.
 - (2) The individual/company/firm undertakes to comply with such other conditions and requirements applicable to it as the Council may from time to time impose or prescribe.
 - (3) The individual/company/firm agrees that, save as provided in Part H of the Appeal Tribunal Byelaw Enforcement (No. ~~326~~ of ~~1996~~2005) as amended, extended, consolidated or executed from time to time, it will have no right or claim against the Society of Lloyd's, or against any body or person included within the definition of "the Society" in section 14(6) of Lloyd's Act 1982, arising out of or in connection with the ~~removal of its name from the list~~provisions of this Byelaw or the Council's exercise of any of its powers under this Byelaw.

~~2. — Provision of information in relation to the firm~~

- ~~(1) — The individual/company/firm shall notify the Council forthwith, in writing, of any event or proposed change in circumstances which may affect significantly the information provided in connection with its application.~~
- ~~(2) — A representative of the company/firm may be asked, upon reasonable notice being given, to attend before the Council, the Committee, the Chairman or a Deputy Chairman of Lloyd's or an appointed representative thereof.~~

3. General

- (1) The individual/company/firm undertakes that it will comply with those requirements of the Lloyd's syndicate accounting rules and accounting rules for underwriting agents which are applicable to it as a recognised accountant; and
- (2) The individual/company/firm undertakes to exercise due care in providing reports and other information in its capacity as recognised accountant.

4. Provision of information in relation to recognised accountant clients

- (1) The individual/company/firm acknowledges the duty of the Council to exercise its powers contained in Lloyd's Acts 1871 to 1982, or in byelaws or regulations made thereunder, in the interests of members of Lloyd's and Lloyd's policyholders; and that to facilitate the exercise of such powers the Council may from time to time reasonably require information or explanations from the individual/company/firm in respect of its work as recognised accountant and that such information or explanations shall be given by the individual/company/firm.
- (2) The individual/company/firm undertakes, in response to a request by the Council, to use reasonable endeavours, to the extent that it may do so lawfully and ethically, to provide to the Council such information, documents or explanations in relation to matters of which it has become aware in its capacity as recognised accountant, for the purpose of the exercise of powers by the Council contained in Lloyd's Acts 1871 to 1982 or in byelaws or regulations made thereunder.
- (3) The individual/company/firm undertakes to bring to Lloyd's attention without delay information of which it becomes aware in its capacity as recognised accountant, when in its opinion there is reasonable cause to believe:
 - (a) that the entity's authorisation could be withdrawn under ~~paragraph 11~~[paragraphs 66](#) of the Underwriting ~~Agents~~ Byelaw (No. ~~42~~ of ~~1984~~[2003](#)) as the case may be; or
 - (b) that there is or may be a failure to fulfil any of the criteria of sound and prudent management and that failure is or may be of material significance to Lloyd's in determining whether any of its powers of intervention set out in the ~~Administrative Suspension~~[Enforcement](#) Byelaw (No. ~~7 of 1987~~) and the ~~Misconduct and Penalties~~ Byelaw (No. ~~30 of 1996~~[6 of 2005](#)) should be exercised; or
 - (c) that there is or may be a contravention of any provision in Lloyd's Acts 1871 to 1982 or in byelaws or regulations made thereunder and that failure is likely to be

of material significance to Lloyd's in determining whether any of its powers of intervention should be exercised; or

- (d) that the entity's continuous functioning may be affected; or
- (e) the individual/company/firm concludes that it is precluded from making the appropriate report without qualifying its opinion.

- (4) The individual/company/firm undertakes to report any facts and decisions pertaining to sub-paragraph 4(3) of which it becomes aware in its capacity as recognised accountant resulting from its client having close links resulting from a control relationship with another entity for whom the individual/company/firm acts as auditor or reporting accountant. An entity is closely linked with:

- (a) any person who is or, if he were an entity, would be its parent entity;
- (b) any entity which is its subsidiary entity;
- (c) any entity which is or, if any person falling within sub-paragraph (a) above were an entity, would be a fellow subsidiary entity; and
- (d) any person in accordance with whose directions or instructions its directors are accustomed to act;

and any reference to an entity's close links with any person shall be construed accordingly.

- (5) A representative of the individual/company/firm will, upon reasonable notice being given, attend before the Council, the ~~Committee, the~~ Chairman or any Deputy Chairman of Lloyd's or any officer of the Society duly authorised by any one of them.

5. Resignation and removal

- (1) The individual/company/firm may resign its appointment by depositing a notice in writing to that effect at the registered office of the underwriting agent concerned. The notice shall operate to terminate its appointment on the date the notice is deposited or on such later date (not being more than 60 days from the deposit of the notice) as may be specified therein.
- (2) If the individual/company/firm deposits a notice under sub-paragraph 5(a1), it shall at the same time send a copy of the notice to the Society.
- (3) Subject to sub-paragraph 5(4) of this paragraph, if during its term of office the individual/company/firm becomes to its knowledge disqualified under paragraph 84(1) of the byelaw from continuing to hold the office of recognised accountant it shall thereupon vacate its office and shall give notice in writing that it has done so,

specifying the ground of the disqualification, to the underwriting ~~agent or the registered office of the Lloyd's broker~~ and to the Society.

- (4) Where the individual/company/firm becomes disqualified under paragraph ~~84~~(1) of the byelaw from continuing to hold the office of recognised accountant, sub-paragraph 5(3) of this paragraph shall not apply until the expiry of two months after the date of its becoming disqualified and the recognised accountant or the underwriting agent concerned may during that period of two months apply to the Council for an exemption pursuant to paragraph ~~84~~(1) of the byelaw.
- (5) Where the individual/company/firm is removed from its office or is not reappointed to office it shall deposit at the registered office of the underwriting agent concerned a notice in writing containing either:
 - (a) a statement of any circumstances connected with its removal or resignation, or with the fact that it has not been so re-appointed (as the case may be), which it considers should be brought to the attention of the members of the syndicate, or the underwriting agent; or
 - (b) a statement that there are no such circumstances as aforesaid;

and shall at the same time send a copy of the notice to the Society.

6. Further conditions specified by the Council of Lloyd's

- (1) If it appears to the Council that there is good reason to do so, the Council may require the individual/company/firm, upon reasonable notice, to provide written reports on such subject and in such form as the Council directs.
- (2)
 - (a) Subject to sub-paragraph (b) below the individual/company/firm undertakes not to seek any provision from the underwriting agent for which it carries out its duties as auditor or from the managing agent of a syndicate for which it carries out its duties as syndicate auditor exempting the individual/company/firm or any employee of the individual/company/firm from, or indemnifying it against, any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the underwriting agent or to the syndicate.
 - (b) Sub-paragraph (a) above does not prevent the individual/company/firm:
 - (i) from seeking insurance from the underwriting agent against such liability; or
 - (ii) seeking indemnity from the underwriting agent against any liability incurred in defending any proceedings (whether civil or criminal) in which

judgment is given in his favour or he is acquitted, or in connection with any application under Section ~~727~~1157 of the Companies Act ~~1985~~2006 (~~general~~ power of court to grant relief in ~~case of honest and reasonable conduct~~certain cases) in which relief is granted to him by the court.

- (3) The individual/company/firm undertakes not without the previous written consent of the Council to act both as syndicate auditor for a syndicate and as auditor of the managing agent of that syndicate.

7. Delegation by the Council

The individual/company/firm acknowledges that any reference in this undertaking to the Council shall, save where the context otherwise requires, include any person or body acting by or under the authority of the Council.

8. Interpretation

Unless the context requires otherwise, all words shall have the meanings given to them in the byelaw.

Signed:

Name and title:

For and on behalf of

Name of firm:

Address:

Date:

Schedule 3 - Terms Of Appointment

The provisions referred to in paragraphs ~~6~~2(6) to this byelaw are:

“The [identify underwriting agent] hereby acknowledges and declares that no duty which [identify recognised accountant] might owe to [identify underwriting agent] shall be contravened by [identify recognised accountant] communicating in good faith to Lloyd’s, any information or opinion on a matter of which [identify recognised accountant] has (or shall) become aware in its capacity as recognised accountant and which in the opinion of the recognised accountant is or may be, relevant to any function of Lloyd’s under Lloyd’s Act 1982 or any byelaws or regulations made thereunder.”²