

**Lloyd's:  
A modernised  
framework for  
dealing with poor  
conduct and  
behaviours in the  
market**

**Consultation Paper**

## Executive Summary

1. Lloyd's is introducing a suite of changes to modernise its approach to dealing with poor conduct and behaviours in the market which includes dealing with financial and non-financial misconduct. We wish to consult on the key rule changes that we propose implementing.
2. The new framework for managing such issues is designed to –
  - Ensure better alignment with firms' own internal HR and disciplinary processes, supporting firms' ability to investigate their own employees and to address issues themselves;
  - Expressly recognise our trust in the ability of those managing agents and syndicates that meet the expected levels of maturity under the Culture Principle to investigate and resolve issues before intervention is required from Lloyd's;
  - Provide greater clarity as to the types of conduct or behaviours that Lloyd's considers unacceptable, including for non-financial misconduct, and to set out when and how Lloyd's will intervene;
  - Align Lloyd's Enforcement and Oversight functions so that Lloyd's can adopt a more holistic approach when dealing with cases, with Oversight intervention being at the heart of this process, but with Enforcement being available as needed; and
  - Improve Lloyd's internal decision-making processes, so that decisions can be made in a more timely and consistent manner, whilst also preserving necessary procedural safeguards.
3. This document sets out:
  - Details of the new framework and how it will work in practice; and
  - Details of the consultation including proposed amendments to the Enforcement Byelaw and Requirements. The specific proposed Byelaw changes are set out in Appendix 1 and 2 to this document. All Lloyd's byelaws and associated requirements, including the Enforcement Byelaw and the Requirements made pursuant to that byelaw, can be found by going to [www.lloyds.com/actsandbyelaws](http://www.lloyds.com/actsandbyelaws).

**Consultation Responses should be sent to [conductconsultation@lloyds.com](mailto:conductconsultation@lloyds.com) by no later than 16 December 2024.**

## Chapter 1

### Proposed Objective and Operating Principles When Addressing Poor Conduct and Behaviours

1. Lloyd's expects those that operate in the Lloyd's market, and those who use our name and brand, to maintain and demonstrate the right behaviours to support a well-functioning, trustworthy, safe and inclusive market. This includes both firms and individuals that operate at Lloyd's (as set out, for example, in the Culture Principle).
2. However, matters of concern relating to financial and non-financial misconduct may occasionally arise and can be addressed through two processes namely -
  - **Oversight intervention.** This is Lloyd's primary method for driving the behaviours and expectation of those that operate in Lloyd's market. For managing agents this may include intervention under Principles Based Oversight such as adjustments to a firm's Culture Rating or overall syndicate rating, requirement to put in place a remediation plan or requirement to be subject to a skilled person review. Other action can include removal of Lloyd's passes or the removal of any authorisation to operate at Lloyd's (including for entities and individuals who do not fall within Lloyd's enforcement jurisdiction, such as coverholders, Lloyd's brokers, Delegated Claims Administrators and others).
  - **Enforcement.** Lloyd's may separately bring formal enforcement proceedings under the Enforcement Byelaw against firms and individuals subject to Lloyd's enforcement jurisdiction and with contested cases heard by a Tribunal. Sanctions that can be imposed include formal suspension from the market, fines and publication of public censure notices.
3. Our current processes for dealing with issues of poor conduct can be unclear and may cut across firms' own intervention processes. There also needs to be greater certainty as to potential outcomes.
4. Lloyd's is therefore consulting on a proposed new Lloyd's Market Conduct and Behaviours Framework (LMCBF) based around a single **market conduct and behaviours overarching objective** namely "to advance and protect the interests, reputation and culture of the Lloyd's market and its people through the promotion of good conduct and the timely intervention into and remediation of conduct that fails to meet Lloyd's expectations."
5. Underpinning this framework will be that Lloyd's will operate in accordance with a set of "**market conduct and behaviours operating principles**", namely that:
  - a. Lloyd's will ensure the rights of those who have been subject to or affected by misconduct are at the heart of our decision-making.
  - b. Lloyd's will not seek to become more directly interventionist and deal with more matters. Instead, Lloyd's will operate as far as practicable on the basis of trust with those firms that meet the expected levels of maturity under the Culture Principle to investigate and resolve issues before intervention is required from Lloyd's and ensure Lloyd's is informed

of issues at an early stage, whether or not the firm's internal disciplinary action has been concluded.

- c. Lloyd's will decide whether to use its Oversight and/or Enforcement powers according to the specific issue being considered (see the Triage and Internal Decision-making Framework below). There will be a presumption that Lloyd's will use its Oversight powers unless Enforcement criteria is triggered. Enforcement powers will usually only be used where Oversight powers are insufficient or inappropriate to achieve Lloyd's objectives.
  - d. Lloyd's will not tolerate any managing agent or syndicate that is classified as "underperforming" due to poor culture or behavioural issues. Lloyd's will therefore use its powers under this framework to drive early remediation, failing which Lloyd's will consider taking action to remove that firm's permission to operate within the Lloyd's market.
  - e. Lloyd's will act swiftly whilst maintaining appropriate procedural safeguards for those subject to Oversight intervention or Enforcement proceedings.
  - f. Lloyd's will ensure it has appropriate internal governance over its Oversight and Enforcement functions.
  - g. Lloyd's will act on an evidence-based approach, ensuring that it gathers and considers sufficient evidence to support its decisions.
  - h. Lloyd's will always have regard to its wider legal obligations (for example under Financial Crime legislation) and its obligations to regulators and law enforcement bodies.
6. The LMCBF will also expressly reflect market firms' own internal HR and disciplinary processes as we expect most matters to be dealt with initially through that route and this is explained in more detail in Chapter 3 below.

**Question 1 – Do you have any comments on the proposed “*market conduct and behaviours overarching objective*” and the proposed “*market conduct and behaviours operating principles*” that Lloyd's intends to adopt?**

## Chapter 2

### Types of poor conduct or behaviours covered by the LMCBF

1. It is important that Lloyd's is clear as to the types of poor and unacceptable conduct or behaviours that are covered by this framework. (For example, the current definition of misconduct in the Enforcement Byelaw is imprecise and requires interpretation by Enforcement Tribunals on a case-by-case basis. This has caused uncertainty in past cases). It is in the best interests of everyone that Lloyd's is clear as to the type of matters that are covered by the LMCBF and which may require Lloyd's action.
2. Accordingly, we are proposing to set a non-exhaustive list of types of conduct or behaviours that are covered by this framework and which may also be capable of amounting to misconduct for enforcement purposes.<sup>1</sup> These are:

#### Dishonesty

- a. Acting dishonestly in any way.
- b. Misappropriating money or property (especially for personal gain).
- c. Creating or using false or misleading documents.

#### Non-financial misconduct

- d. Acting in any way that amounts to:
  - harassment (whether sexual or otherwise) or bullying of another person or persons;
  - discrimination against a person or persons on the grounds of one or more protected characteristics; or
  - an improper abuse of power or authority over individuals in a more junior position.
- e. Conducting Lloyd's business when
  - under the influence of alcohol where it leads to unprofessional behaviour or behaviour that risks bringing the Lloyd's name into disrepute; and/or
  - under the influence, or in possession, of illegal drugs.

#### Unacceptable business conduct

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<sup>1</sup> This list of behaviours is an updated version of the existing MSARC's Principles of Enforcement Action, in Schedule 5 to the current version of the Requirements made under the Enforcement Byelaw.

- f. Breaching fiduciary or agency obligations (such as making a secret profit).
- g. Failing to deal openly and honestly with, or provide clear and accurate information to, members, policyholders, counterparties or other relevant parties.
- h. Failing to organise or control a firm's business in a responsible manner or to maintain proper records and systems for the conduct of its business and the management of risk.

#### Bringing Lloyd's or the Lloyd's Market into disrepute

- i. Damaging the Lloyd's brand, licences or the Central Fund or bringing the Lloyd's market into disrepute.
- j. Failing to manage or safeguard properly, honestly, or prudently monies or other assets held on behalf of policyholders or members.
- k. Failing to deal with Lloyd's in an open, honest, and transparent manner, including not reporting matters of misconduct.

### **Enforcement Byelaw changes**

- 3. Consistent with our intention to provide greater clarity as to what is misconduct, we are proposing to make changes to the Enforcement Byelaw itself.
- 4. Whilst we intend to retain the main categories of "discreditable" and "detrimental" conduct, we propose to introduce a new category of "improper" conduct and to define more precisely what those terms mean by incorporating into the byelaw the behaviours set out above as non-exhaustive examples of cases that may lead to Enforcement action.
- 5. We also propose to clarify in the byelaw that -
  - a. It is not necessary for Lloyd's to demonstrate that harm has been suffered by Lloyd's at an institutional level in order for misconduct to have occurred. Some conduct (for example, illegal drug-taking, harassment or bullying) is inherently unacceptable by its very nature and ought to be actionable as such, irrespective of whether or not tangible harm to Lloyd's or the Lloyd's market can be demonstrated.
  - b. Conduct need not take place in a professional environment in order to qualify as misconduct. Misconduct may also take place outside of a professional context, in particular, but without limitation, so long as there is a material connection to the Lloyd's market, such as the presence of other market participants. Lloyd's intends to align its approach to that of the FCA in this regard.
- 6. We will also introduce a new category of misconduct to deal with deliberate or repeated breaches of the Principles For Doing Business at Lloyd's. Those Principles are now embedded and well understood. We therefore think it is right to provide a clear linkage

between these Principles and Lloyd's Enforcement process (for cases where Enforcement is considered the most appropriate approach).

7. In addition, we propose a new category of misconduct specifically aimed at those who may mistreat witnesses and whistleblowers. This is intended to ensure we protect those that report misconduct (which we discuss in more detail in Chapter 6 below).
8. Finally with increasingly innovative corporate structures entering the Lloyd's market, we intend to make changes to ensure that any firm that operates as a syndicate can be brought into Lloyd's jurisdiction so that the same expectations can apply as they would for a traditional Managing Agency structure. The byelaw already allows firms and individuals to voluntarily submit to Lloyd's jurisdiction; the proposed amendments are to make it clear that it is open to Lloyd's to agree the scope and any limits to such voluntary submission in appropriate circumstances (for example, if a firm has a mixture of Lloyd's and non-Lloyd's business a limit could be applied such that the non-Lloyd's business would not be subject to Lloyd's jurisdiction).

### **Conduct outside the workplace**

9. When considering a matter, Lloyd's may need to consider whether any alleged conduct took place in or outside of the workplace, especially in cases of non-financial misconduct. Lloyd's proposes to follow the approach of the FCA when considering this question. The FCA's current position is that it has an interest in incidents that take "*place at the office, working from home, working offsite, and social situations related to work. This can include incidents that happened in any work-related capacity or event and may include events that have been organised through work, including staff social events, off-site training and conferences, client entertainment or sponsored events. It would not include private events organised by members of staff among themselves with no other connection to work.*"
10. However, even if the conduct does take place outside the workplace, Lloyd's may have a legitimate interest in dealing with the issue if it engages the **market conduct and behaviours overarching objective** (e.g. if an individual has been convicted of a criminal offence such as fraud since that could undermine the reputation of the Lloyd's market).

**Question 2 – Are there any other types of behaviours that you think Lloyd's should include as being subject to this framework beyond those listed above?**

**Question 3 - Do you agree with the proposed changes to Paragraph 3, 3A, 3B, 3C and 3D of the amended Enforcement Byelaw?**

**Question 4 - Do you agree with Lloyd's proposed approach to dealing with conduct outside the workplace?**

**Question 5 - With reference to paragraph 8 above, what sort of underwriting structures do you think should be brought within Lloyd's enforcement jurisdiction?**

## Chapter 3

### How we expect firms to deal with poor conduct and behaviours

1. Most issues (in particular those involving individuals) will be dealt with through firms' own internal processes. Our framework will expressly recognise and support this especially for those firms that meet the expected level of maturity under the Lloyd's Culture Principle which, in turn, will have regard to firms operating effective speaking up and internal investigation processes.

#### **Robustness of a firm's own internal process and impact on Culture Principle Rating**

2. The effectiveness of this framework is dependent in the first instance upon the strength and robustness of firms' own investigation processes, (e.g. this may include a firm instructing external advisors to investigate issues where they are deemed to be sufficiently serious). In any event, internal HR procedures and subsequent disciplinary processes should align with and support Lloyd's Culture Principle.
3. In the event that Lloyd's considers that any aspect of an investigation and/or outcome of an internal procedure is unsatisfactory, Lloyd's has the discretion to require a firm to pause its investigation, and any decisions in respect of that investigation, whilst Lloyd's conducts its own investigation.
4. If any internal investigation, grievance procedure or subsequent disciplinary procedure on the part of a managing agent or syndicate is not sufficiently robust to meet the outcomes expected under the Culture Principle, this could impact the rating against that Principle. In particular, the Lloyd's Culture Principle includes (sub-principle 2) that a firm should "*foster inclusive behaviour, with zero tolerance for inappropriate behaviour*" and therefore if a firm fails to deal robustly with inappropriate behaviour in line with this expectation Lloyd's will consider a downgrade either to its Culture Principle rating or in suitable cases to the syndicate's overall rating. A firm's Culture Principle rating may also be downgraded if it fails to adhere to its internal disciplinary, grievance and investigation processes or if it is operated in a way that fails to provide timely and fair outcomes that support inclusive behaviour.

#### **Reporting to Lloyd's**

5. It is important for Lloyd's to have an early understanding of matters of potential concern that firms have identified or are investigating. We are therefore proposing a "pre-investigation" filter process, enabling firms to discuss cases with Lloyd's at an early stage.



6. Firms will be expected to exercise their own judgment as to when a matter should be raised with Lloyd's at this filter stage based on the materiality of the issue and having regard to the behaviours listed in Chapter 2 above.
7. For the avoidance of doubt, Lloyd's is not seeking to be a proxy HR function for firms and not every matter involving potential poor behaviour or misconduct by an individual employed or engaged by a firm will need to be reported to Lloyd's (for example if the matter relates purely to non-compliance with a firm's internal procedures).
8. Lloyd's also understands that there may be circumstances in which it may be inappropriate to provide all details of an instance of poor behaviour or misconduct (for example to protect the identity of a person impacted by the conduct and/or alleged perpetrator). However, it will be important to disclose the underlying nature of the issue so that we can have an informed discussion with the firm. It will also be important for firms to co-operate with Lloyd's in a timely and open manner in respect of any requests from Lloyd's for further information on the issue and the impact that might have on the individual or the firm. Firms and individuals should be aware that failing to deal with Lloyd's in an open, honest and transparent manner in relation to an instance of misconduct could in itself amount to misconduct.
9. A failure to report a matter to Lloyd's that ought to have been reported to Lloyd's may be relevant to that firm's Culture Principle rating (and in appropriate circumstances could even be misconduct itself). Lloyd's therefore encourages anyone who is in any doubt to discuss the matter with Lloyd's. (That is already increasingly the practice for many market participants and the overwhelming majority of reports do not lead to any further formal action being taken by Lloyd's.)
10. Matters of poor behaviour or misconduct that apply at firm-wide level (rather than individuals) should always be raised with Lloyd's at the earliest opportunity.

### **Reporting to other Regulators and Law Enforcement**

11. In certain circumstances, and dependent on the nature of the allegations, it may be necessary to report the matter to the relevant authorities, including:
  - a. the PRA and/or FCA as the relevant UK regulatory authority; or
  - b. any local regulator where the allegations arise outside of the UK (Lloyd's International Regulatory Affairs team will lead on this).
12. Lloyd's will consider if the issue raises matters of potential criminal behaviour. The expected position is that Lloyd's will refer all criminal matters to the police (if they have not been informed already). In addition, we will ensure we also discharge our legal obligations relating to reporting financial crime under relevant legislation including the Proceeds of Crime Act. Lloyd's does recognise that there may be specific circumstances when it may not be appropriate for a report to be made to the police (for example, having regard to the welfare of individuals involved in a matter, such as the subject of a sexual crime who has received appropriate support and / or advice, it is nevertheless clear that they do not want the issue to be reported to the police).

13. Reporting to Lloyd's (or the conduct of any process by Lloyd's) does not affect the firm's obligations to report to other regulators
14. Firms are encouraged to discuss reporting to other regulators with Lloyd's (unless the firm believes it is legally prevented from so doing).

**Question 6 - Do you support the proposals in Chapter 3 including the clarification of the reporting arrangements to Lloyd's?**

## Chapter 4

### Improving Lloyd's Decision Making

1. Where Lloyd's decides to take action, we want to ensure that there is greater clarity about what constitutes poor conduct and behaviours and how we will use our powers. In Chapter 2 we set out what constitutes poor conduct and behaviours. In this Chapter we set out how we will decide how we will address an issue and in Chapter 5 how we will assess the interventions or sanctions that may be required following any action.
2. To date Lloyd's has operated two distinct processes to deal with poor conduct and behaviours - namely Market Oversight and Enforcement. Going forward, Lloyd's will operate a single holistic process that will utilise both its Oversight and Enforcement interventions. This will mean that Lloyd's can respond quickly and effectively to issues using the most appropriate intervention toolkit given the nature of the issue.
3. To aid this we will use "triage" criteria which will inform the process we will use in a particular case namely -
  - **Oversight intervention** – this is our expected response in most cases where we determine that action is required as it can address culture, governance, risk management or control issues by leveraging our well-established Principles Based Oversight framework and the Oversight Interventions Playbook. It also supports speed of resolution. We expect most cases, including those involving non-financial misconduct, will be addressed through robust oversight action.
  - **Enforcement** – may be used either separately or in addition to Oversight intervention for example where publicity of outcome is appropriate to provide market confidence or where having regard to the interests of those who have been subject to or affected by the conduct this is most likely to be relevant. It may also be an appropriate outcome for cases involving serious financial misconduct.

### Lloyd's Process and Internal Governance

4. Reflecting that this is one single holistic framework, the operation of the framework will be subject to a single internal governance model under the shared oversight of Lloyd's General Counsel and Chief of Markets (the "**Designated Executive Directors**"). This will lead to more streamlined decision-making and more executive involvement in and accountability for those decisions. It also means that Lloyd's can determine to use a combination of Oversight and Enforcement (for instance taking Enforcement action if Oversight remediation does not fully

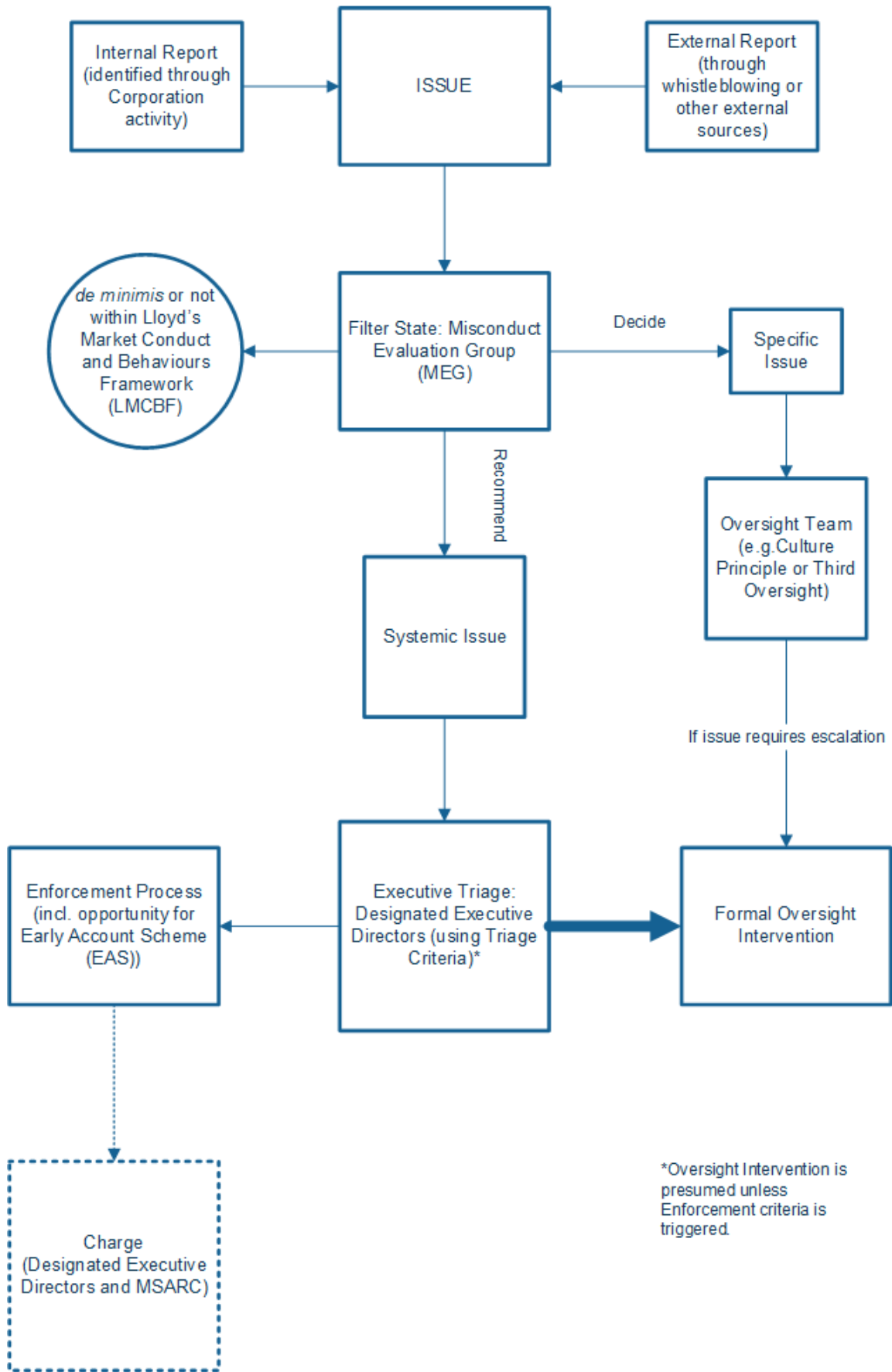
address an issue). However, any decision to bring Enforcement proceedings would still require the agreement of the Market Supervision and Review Committee (MSARC)<sup>2</sup>.

### **Initial Filtering of Issues**

5. We are also establishing a new cross-functional internal group (the Misconduct Evaluation Group (MEG)) that will undertake initial filtering of issues once reported against our triage criteria. MEG will comprise senior members of Lloyd's Legal, Oversight and Culture teams.
6. Where a report of poor conduct and behaviours has been received through the pre-investigation filter process, the MEG will undertake initial filtering which will include engaging with the firm (or individual) concerned to understand the core facts, assessing whether the matter falls within the LMCBF and making an initial classification of the matter which will determine next steps. At this stage MEG may determine that a matter is *de minimis* or does not have any features that speak to Lloyd's *market conduct and behaviours overarching objective* and as such there is no continuing role for Lloyd's; or that the matter is "specific" and should be referred to the appropriate Lloyd's team for monitoring as part of regular oversight activities; or that the matter is "systemic" and should be referred to the Designated Executive Directors with recommendations for formal action to be taken by Lloyd's which shall be assessed against agreed triage criteria.
7. MEG is accountable to the General Counsel and Chief of Markets.
8. The key elements of the new process are therefore as in the following table: –

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<sup>2</sup> As a technical drafting point, it should be noted that it is proposed to change references to "MSARC" in the Requirements to references to "the Council of Lloyd's". That is to achieve consistency in drafting between the Byelaw and the Requirements. MSARC is itself a sub-committee of the Council of Lloyd's and will continue to exercise the same powers on behalf of the Council of Lloyd's.



**Question 7 – Do you agree that the Lloyd’s Enforcement and Oversight processes for dealing with misconduct should be subject to a single framework?**

**Question 8 – Do you have any comments on the proposed filtering and triage process?**

**Question 9 – Do you have any other comments on the proposed changes in Chapter 4?**

## Chapter 5

### How Lloyd's will assess the level of any intervention or sanction (including giving credit to firms for dealing with matters at an early stage)

1. Where Lloyd's has taken action to investigate an issue and decided to take remedial action there are a range of interventions or sanctions that may be brought, and these are linked to the severity of the issue. We include at Annex 1 a table providing an illustrative list of the interventions that may be taken against both firms and individuals. In this Chapter we set out the factors we will have regard to when assessing the interventions on sanctions that should be imposed.

#### Assessing the level of intervention or sanction

2. Each case will be assessed on its own merits and Lloyd's will ensure any intervention or sanction is proportionate and relevant given the facts of the case. The level of the intervention or sanction will be assessed in a way to achieve the **market conduct and behaviours overarching objective** "to advance and protect the interests, reputation and culture of the Lloyd's market and its people through the promotion of good conduct and the timely intervention into and remediation of conduct that fails to meet Lloyd's expectations." In assessing the specific intervention or sanction Lloyds will also consider the "escalating" Oversight interventions as set in the PBO Intervention playbook. Where Enforcement action is taken, regard will be had to the existing framework for the imposition of sanctions.<sup>3</sup>

#### Early Account Scheme

3. One critical factor in determining the level of any intervention or sanction will be whether the firm or individual in question has sought to address the issues itself at an early stage. As part of that Lloyd's is proposing to introduce, as part of our Enforcement process, an Early Account Scheme. This will afford firms an opportunity to address their own issues in a faster, more efficient process and thereby secure themselves a potential reduction in sanction. It will work by allowing firms to investigate allegations within pre-agreed parameters and, where appropriate, to take disciplinary or remedial action themselves. Lloyd's will then assess the outcome of the investigations and / or subsequent actions and take this into account in determining any further regulatory action or sanction that it might apply. Good collaboration with Lloyd's would be expected in most cases to lead to the potential for Lloyd's to impose a lower sanction than it otherwise might.
4. It should also allow for faster, more efficient processes; encourage a collaborative, rather than an adversarial approach to investigations and encourage firms to address any issues they might have on a voluntary, pro-active basis. Lloyd's believes that, deployed successfully,

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<sup>3</sup>Appendix 7 of the Enforcement Requirements

the Early Account Scheme will lead to faster, more efficient, and less costly processes, with more positive, collaborative outcomes.

5. The scheme will not be appropriate in every case and will only be available at Lloyd's discretion. The parameters for use of the scheme will be decided on a case by case basis to ensure that the scheme is appropriately tailored to the nature of each case.
6. Similarly, where Lloyd's decides to address issues through our Oversight toolkit, we will also wish to have regard to, and give credit to, firms that address matters proactively at an early stage. This will be regarded as a positive indicator supporting firms rating under the Culture Principle.

**Question 10 – Do you agree that Lloyd's should introduce an Early Account Scheme as part of its enforcement process (in line with the PRA early account scheme)?**

### Other mitigating and aggravating factors

7. In addition to Early Account, there are a range of other factors that will be regarded as aggravating or mitigating factors and Lloyd's will seek to ensure it has regard to these when deciding how to deal with a matter.

Aggravating Factor	Mitigating Factor
Repeated incidents	Single incident (not at most serious level involving a relevant aggravating feature)
The individuals involved are senior, either within the organisation or relative to any individuals affected by the poor conduct	Matters involving the culture of a firm are dealt with comprehensively and satisfactorily by the firm including by undertaking a review of culture, implementing appropriate training and policy changes
Sexual misconduct	Matters involving the behaviour of individuals are dealt with satisfactorily by the individual's employer, including any appropriate disciplinary action
Discrimination based on a protected characteristic	An individual demonstrates remorse and willingness to address poor conduct by, for example, attending a training course
Use of illegal drugs and/or excessive alcohol consumption	
Failure by the firm to respond adequately to the issue	
There are indications of widespread cultural issues at a firm which are not addressed	



**Question 11 - Do you consider that anything else should be included as an aggravating or mitigating factor in assessing interventions or sanctions?**


## Chapter 6

### Supporting those affected by Poor Conduct or Behaviours and Whistleblowers

1. Lloyd's knows that issues of poor conduct and behaviours, especially those involving non-financial misconduct such as discrimination or bullying, may have a significant impact on others. The new Framework outlined in this consultation puts the interests of those who have been subject to poor conduct or behaviours at the heart of the process for instance as a critical factor in triaging cases and in assessing sanctions.
2. However, we also know that reporting poor conduct and providing evidence can be stressful whilst cases proceed. We wish to provide greater support and protection to those who are whistleblowers and those who are subject to poor conduct. The new head of Misconduct within the Enforcement Byelaw (referred to in Chapter 2 above) is therefore specifically aimed at those who may mistreat witnesses and whistleblowers.
3. We also intend to introduce, in appropriate cases, dedicated support to whistleblowers and those affected by poor conduct or behaviours to be provided by a designated individual at Lloyd's, who is independent of any investigation team or Enforcement process. Depending on the circumstances, it may also be appropriate and / or necessary to involve external third parties to provide support. The aim will be to support whistleblowers and those who have been subjected to or affected by poor conduct or behaviours as much as possible as well as to advocate for their interests and points of view.

**Question 12 – Is there anything further that you consider Lloyd's should be doing to support those who have been subject to or affected by the behaviours and conduct covered by the LMCBF?**

## Annex 1 - Table of Escalating range of Oversight interventions and sanctions

Severity	Response if allegation is at firm level	Response if allegation is limited to specific individual(s)
	Formal Oversight Interventions including exit (or Enforcement action (which may result in public censure and other sanctions) if Enforcement criteria apply and where entities within Lloyd's Enforcement jurisdiction).	Formal Oversight Interventions or Enforcement action (which may result in public censure and other sanctions) if Enforcement criteria apply (only applies to people within Lloyd's Enforcement jurisdiction).
	PBO adverse rating impact and remediation plan absent which exit from market.	Removal of Lloyd's pass(es) <sup>4</sup> .
	Requirement that a firm undertakes certain actions, failing which they will be rated as "underperforming" / no longer suitable to be registered as a Lloyd's broker / coverholder.	Suspension of Lloyd's pass(es) for a temporary period to allow a person to undertake training or to demonstrate they have addressed the cause of their behaviour.
	Requirement that a firm undertakes a skilled person's review and implements any action plan to address failings	Requirement that an individual undertakes suitable training.
	Requirement that a firm undertakes a culture review and implements any action plan to address failings.	Requirement to write to Lloyd's explaining actions.
	Requirement that a firm undertakes suitable training.	No action.
	Requirement to write to Lloyd's explaining actions.	
	No action.	

<sup>4</sup> The Annual Subscribers Byelaw requires that anyone holding a Lloyd's pass shall be "suitable". Lloyd's may review a person's suitability at any time and, if it deems it to be appropriate, remove that person's pass.

# Appendix 1 – Proposed amendments to the Enforcement Byelaw

Appendix 2 –  
Proposed  
amendments to the  
Requirements made  
under the  
Enforcement Byelaw