

FINANCIAL SERVICES AUTHORITY

SOCIETY OF LLOYD'S

SUPERVISION ARRANGEMENTS FOR UNDERWRITING AGENTS

ENFORCEMENT CO-OPERATION ARRANGEMENTS

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ENFORCEMENT CO-OPERATION ARRANGEMENTS

- 1 The Financial Services Authority (the "FSA") and the Society of Lloyd's (the "Society") both regulate underwriting agents. They have made the arrangements set out in this document with the object of:

Supervision Arrangements

- promoting efficient and effective supervision of these firms; and
- preventing unnecessary duplication in their supervision by both regulators.

Enforcement Co-operation Arrangements

- achieving a close, co-operative and effective working relationship between the FSA and the Society on relevant enforcement cases;
- preventing undue duplication of investigation and enforcement work in those cases; and
- preventing unfair treatment for persons who are subject to investigations and enforcement action, by reason of the unnecessary involvement of both the FSA and the Society.

INTRODUCTION

- 2 Under Lloyd's Act 1982 the Council of Lloyd's has power to regulate and direct the business of insurance at Lloyd's. The 1997 Regulatory Review Group stated that the objective of Lloyd's regulation was to provide reasonable safeguards for Lloyd's policyholders, members and component businesses in order to establish a basis for confidence that Lloyd's is a solvent and soundly managed market in which to do business. To that end, Lloyd's regulation seeks to set and enforce standards designed to ensure that:

- the market and those trading in it are solvent;
- those doing business in the market are competent and honest;
- all market users are fairly and impartially treated;

- the market is as transparent as possible; and
 - the market is not misled, manipulated or abused.
- 3 Under the Financial Services and Markets Act 2000 (the "Act"), the FSA is the primary regulator for all financial services business in the UK. Its general duties and regulatory objectives are set out in sections 2 to 6 of the Act. It also has a general duty under section 314 of the Act with respect to the market at Lloyd's. It has concluded these arrangements for the reasons set out in paragraph 1 above. However, nothing in these arrangements can fetter its discretion with respect to carrying out its statutory duties and functions.
 - 4 Underwriting agents are authorised persons under the Act ("firms" for the purposes of the FSA's Handbook of rules and guidance). These firms, and approved persons performing controlled functions on their behalf, are therefore subject to certain requirements imposed by or under the Act.
 - 5 These arrangements do not apply to the FSA's regulation of the Society as an authorised person with permission under section 315 of the Act (other than as specified under Part 3 and para 45 of the Supervision arrangements).
 - 6 Information obtained or created by the FSA and the Society for the purposes of, or in connection with these arrangements may be subject to restrictions on disclosure. These are detailed more fully in Appendix 2.
 - 7 The definitions in the FSA's Handbook of rules and guidance (the "Handbook") apply throughout this document. A Glossary at the end lists the reference codes for the sourcebooks and manuals within the Handbook that are referred to in these arrangements.
 - 8 These arrangements come into effect on 1 December 2001. The Supervision arrangements cover all underwriting agents that have a Part IV permission from the FSA except those which are subsidiaries of the Society. Appendix 1 to these arrangements lists these firms. This appendix is updated continuously by the FSA. The Enforcement co-operation arrangements cover liaison between the FSA and the Society on all relevant enforcement issues, but primarily in relation to firms that are, or have been, listed in Appendix 1 and individuals performing controlled functions on their behalf.
 - 9 Questions about the day-to-day operation of these arrangements may be addressed either to the Lloyd's Team at the FSA or to the Society's Compliance Officer, John Baker using the details below:

FSA

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SUPERVISION ARRANGEMENTS FOR UNDERWRITING AGENTS

INTRODUCTION

- 1 This document has four parts.
 - **Part 1** (paragraphs 3-28) provides under paragraph 6(2) of Schedule 1 to the Act for the Society to perform, on behalf of the FSA, certain monitoring functions with respect to these requirements.
 - **Part 2** (paragraphs 29-31) lists the supervisory functions that the FSA performs itself with respect to underwriting agents and approved persons performing controlled functions on their behalf.
 - **Part 3** (paragraphs 32-42) covers arrangements for monitoring the Society's compliance with certain requirements imposed on it by or under the Act but which relate to underwriting agents and approved persons acting for or on their behalf.
 - **Part 4** (paragraphs 43-49) includes certain general provisions (including provisions for the review and termination of these arrangements).
- 2 The application of these arrangements to specific firms may be modified or disappplied by the FSA (after discussion with the Society), in particular for the purposes of group or lead supervision, or with respect to any underwriting agent whose Part IV permission includes regulated activities other than:
 - advising a person to become, or continue or cease to be, a member of a particular Lloyd's syndicate; and/or
 - managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's.

Such modifications take effect when the FSA notifies any underwriting agent to whom modified supervision arrangements apply. It also notifies the Society.

PART 1: ARRANGEMENTS FOR THE SOCIETY TO PERFORM CERTAIN MONITORING FUNCTIONS ON BEHALF OF THE FSA

- 3 The arrangements described in this Part are made under paragraph 6(2) of Schedule 1 to the Act. This allows the FSA's arrangements for determining whether persons are complying with requirements imposed by or under the Act to provide for functions to be performed on its behalf by any body or person who, in its opinion, is competent to perform them.

- 4 The Society has regulatory powers under Lloyd's Act 1982 and experience in regulating the Lloyd's market. In addition, in chapter 1 of the Lloyd's sourcebook (LLD) the FSA has given the Society guidance about carrying out its regulatory functions, handling conflicts of interest and protecting confidential regulatory information. In LLD 2 it has directed the Society to give the FSA certain information obtained in the course of carrying out its regulatory functions.
- 5 The FSA therefore believes that the Society is competent to perform on its behalf the monitoring functions with respect to underwriting agents and approved persons acting for or on their behalf specified in this Part. These functions include receiving some reports and notifications on the FSA's behalf, as provided for in the Supervision manual (SUP 3.3.5R, SUP 3.7.3G, SUP 3.8.13R, SUP 15.7.12R and SUP 16.3.20R).
- 6 Paragraph 47 of these arrangements describes the way in which the FSA monitors how the Society is carrying out the functions performed on its behalf. The results of this monitoring may lead to changes in these arrangements. Provision is also made in paragraphs 48 and 49 for these arrangements to be kept under review and to be terminated. The FSA reserves the right to terminate these at short notice if this is necessary because of risks to its statutory objectives or if it believes the Society is, or may, no longer competent to carry out functions on its behalf.

Monitoring functions to be performed by the Society

- 7 The FSA's arrangements to enable it to determine whether persons are complying with requirements imposed by or under the Act have several elements. These comprise:
- baseline monitoring;
 - programmes designed to mitigate risks to the FSA's objectives arising in individual firms;
 - work undertaken after such risks have escalated or crystallised in individual firms; and
 - thematic work.
- 8 Some functions within each of these elements are, or may be, performed by the Society on the FSA's behalf. These are described in turn in the rest of this Part (paragraphs 9-28).

Baseline monitoring

- 9 Baseline monitoring is the term used by the FSA for processes designed to ensure that firms comply, on a continuing basis, with the regulatory requirements that apply to them. These processes include:
- routine work required to analyse information notifiable to the FSA, such as prudential returns; and

- work required in response to firm-driven events necessitating processing and/or approval by the FSA, including changes of control, variations of permission and waivers and modifications of FSA rules.

10 The Society also performs a number of similar functions with respect to underwriting agents so, to reduce duplication, as much as possible of this work is performed by the Society on behalf of the FSA. Each underwriting agent, or where applicable its auditor, should send the reports and notifications listed in the following table to the relevant supervisor in the Society's Regulatory Division (instead of to the FSA).

Report/notification	Handbook reference
Appointment etc of auditors	SUP 3.3.2R(2) and (5)
Notification of matters raised by auditor	SUP 3.7.2G.
Termination of auditor's term of office	SUP 3.8.11R, 3.8.12R
General notification requirements relating to: <ul style="list-style-type: none"> • Matters having a serious regulatory impact; • Communication with the FSA in accordance with Principle 11; • Breaches of rules and other requirements in or under the Act; • Civil, criminal or disciplinary proceedings against a firm; • Fraud, errors and other irregularities; and • Insolvency, bankruptcy and winding up. 	SUP 15.3
Core information requirements: <ul style="list-style-type: none"> • Change in name; • Change in address; • Change in legal status; and • Other regulators. 	SUP 15.5
Inaccurate, false or misleading information	SUP 15.6
Change of accounting reference date	SUP 16.3.17R
Annual controllers report	SUP 16.4
Annual close links report	SUP 16.5

- 11 Underwriting agents must comply with all relevant aspects of the FSA's requirements, including any prescribed formats, when they send these reports and notifications to the Society. These include the high level Principles for businesses (notably Principle 11), the Handbook rules and guidance cited in the above table, SUP 15.7 (Form and method of notification) and SUP 16.3 (General provisions on reporting). Where the FSA's and the Society's deadlines for making a notification differ, underwriting agents should comply with the tighter deadline when submitting the notification to the Society.
- 12 Annex A to the supervision arrangements lists the reports and notifications that the Society makes to the FSA following receipt of this information from underwriting agents and the maximum timescales within which these reports should be made. In some cases this information may fall within the scope of LLD 2.3 (Matters likely to be of material concern to the FSA) and must therefore be reported immediately in writing.
- 13 The FSA discusses these reports with the Society and, where appropriate, suggests the use of diagnostic regulatory tools or enhanced monitoring for individual underwriting agents. In some cases it may be necessary to refer the case for enforcement action, by the Society or the FSA or by both bodies. In these circumstances the enforcement co-operation arrangements will apply. The FSA retains discretion to take action itself if agreement cannot be reached with the Society.
- 14 The following baseline monitoring of underwriting agents is outside the scope of this Part:
- requirements relating to underwriting agents where all reports and notifications should be sent to the FSA (not to the Society), which are covered in Part 2; and
 - requirements relating to financial resources, systems and controls, and complaints handling, which are covered in Part 3.

Programmes designed to mitigate risks to the FSA's objectives arising in individual firms

- 15 The FSA operates a risk assessment process that evaluates the risk each firm poses to the FSA's statutory objectives. As part of this, each firm is categorised from A to D, indicating the nature of the relationship the FSA expects to have with that firm (either directly or through any other body or person carrying out functions on behalf of the FSA). Annex B to these arrangements provides more details about the FSA's risk assessment process.
- 16 Each underwriting agent is allocated to one of the FSA's categories. The FSA agrees with the Society that risk mitigation programmes should be developed for certain underwriting agents falling into the higher categories. The FSA discusses with the Society the programmes the Society develops, taking account of the regulatory tools available to both regulators. It may sometimes be more appropriate to use one of the FSA's regulatory tools (for example a report by a skilled person under section 166 of the Act) instead of a tool available to the Society. The FSA has regard to the Society's views but retains discretion to take action itself if agreement cannot be reached with the Society.

- 17 Progress under each risk mitigation programme is reviewed regularly with the Society, including during the routine liaison meetings provided for in Part 4 of this document. In addition the Society notifies the FSA of:
- the Society's ratings for underwriting agents (which are described in paragraph 11 of Annex B to these arrangements) and on a monthly basis of any changes in these;
 - the conclusions of, and schedules of action points arising from, its regulatory reviews of those underwriting agents with risk mitigation programmes in place; and
 - any developments not otherwise notifiable to the FSA that could materially change its categorisation of any underwriting agent.

Work undertaken after particular risks have escalated or crystallised

- 18 The FSA may become aware of the escalation or crystallisation of risks in a specific underwriting agent in a number of ways. These include reports from third parties or from the Society, either through routine liaison or a report made under LLD 2.3 (Matters likely to be of material concern to the FSA) or LLD 2.4 (Investigations and disciplinary proceedings).
- 19 As soon as it becomes aware of such circumstances, the FSA discusses with the Society what response would be appropriate and which, if either, body should take action. This may involve referring the case for enforcement action, by the Society or the FSA or by both bodies. In these circumstances the enforcement co-operation arrangements will apply. The FSA retains discretion to take action itself if agreement cannot be reached with the Society. LLD 2.5 (Co-operation between the FSA and the Society) provides for the FSA to notify the Society if it takes investigative or disciplinary action against underwriting agents, their approved persons, or other individuals acting for or on their behalf.

Thematic work

- 20 The FSA's thematic work ranges from sectoral reviews - used, for example, to assess whether firms in a particular sector are meeting the standards required – to broader thematic work carried out to assess the risks posed by a particular issue (rather than by a sector or group of institutions).
- 21 The FSA conducts periodic sectoral reviews involving underwriting agents, as required in the light of its monitoring of Lloyd's insurance business and of issues relevant to the protection of members as consumers of certain advisory and custodial services. It may also conduct reviews of sectors of the insurance market in which Lloyd's has a significant market share.
- 22 Because of the small number of firms involved, all members' agents (plus members' advisers and any other Lloyd's firms authorised by the FSA) are normally covered within a single sectoral review.

- 23 The scope of sectoral work relating to managing agents is normally determined by factors such as type of syndicate(s), capacity size and the FSA's assessment of risks to its objectives.
- 24 If a sectoral review relates primarily to whether underwriting agents are complying with requirements imposed by or under the Act, the Society normally carries out much of this work on the FSA's behalf, as part of its own monitoring of the relevant agents. The FSA provides a detailed specification of the work the Society is to carry out and the reports that are to be produced. If necessary, staff from the FSA may participate in this work. Underwriting agents are normally told if the Society is seeking information on behalf of the FSA. The FSA shares the conclusions of these reviews, and any supervisory implications, with the Society as appropriate in the light of its regulatory functions.
- 25 If a sectoral review relates primarily to insurance market issues extending beyond the Lloyd's market, the FSA is likely to carry out more of this work itself, for example interviewing managing agents as well as London market companies. It informs the Society of what work it is planning and may ask the Society to collect data on behalf of the FSA. To avoid unnecessary duplication, the FSA may also draw on work already done by the Society.
- 26 The FSA's broader thematic work relating to insurance may require information from managing agents as well as from the Society. Such themes may cover, for example, new products or ways of doing business. The FSA also carries out thematic work of a more general nature, extending beyond the insurance sector, which may require information from Lloyd's firms.
- 27 The FSA normally carries out most of this broader thematic work itself, dealing directly with relevant underwriting agents, although to avoid unnecessary duplication it may draw on work already done by the Society. The FSA may also ask the Society to collect data on its behalf.
- 28 The FSA discusses with the Society all thematic work it is planning that involves underwriting agents. Each March and September the FSA discusses its plans for the following half of the calendar year with the Society. However, circumstances may require thematic work to be commissioned at other times. If, in the light of its own regulatory objectives, the Society does not wish to participate in any thematic work initiated by the FSA, this work is undertaken directly by the FSA.

PART 2: FUNCTIONS WITH RESPECT TO THE SUPERVISION OF UNDERWRITING AGENTS THAT THE FSA PERFORMS ITSELF

- 29 The FSA carries out itself certain supervisory functions with respect to underwriting agents. These functions are listed in the following table, with the appropriate Handbook references. Underwriting agents should contact the FSA direct if they have requests or notifications to make under these provisions. Notifications to be made by third parties – for example by a person intending to acquire, increase or reduce control over an underwriting agent – should also be sent to the FSA. Unless the relevant section of SUP specifies otherwise, these should be addressed to the Lloyd's Team at the FSA. Notifications relating to approved persons made to the FSA under SUP 10

should also be copied to the Society, accompanied by the supplementary Lloyd's Form (see Annex C to this document).

Functions	Handbook reference
Consideration of applications to vary and cancel Part IV permission and end authorisation	SUP 6
Consideration of requests for waivers and modifications of FSA rules	SUP 8
Consideration of requests to the FSA for individual guidance	SUP 9
Procedures relating to approved persons	SUP 10
Consideration of notifications from controllers or proposed controllers	SUP 11.3
Review of notifications from firms relating to controllers and close links	SUP 11.4 to SUP 11.9 inclusive
Review of notifications relating to appointed representatives*	SUP 12.7, 12.8
Review of notifications relating to notified persons*	SUP 15.4
Transaction reporting*	SUP 17.4, 17.6, 17.7

* this may be relevant if, for example an underwriting agent has other permissions

- 30 The above table is subject to review in the light of experience and any changes in the Society's and the FSA's requirements for underwriting agents. Also in the light of other permissions that an underwriting agent may have. Underwriting agents are reminded that individuals performing certain functions within underwriting agents are subject to the Society's individual registration requirements but are outside the scope of the FSA's approved persons regime. Notifications with respect to such individuals should be sent only to the Society not to the FSA.
- 31 The FSA liaises closely with the Society when considering notifications or requests made by underwriting agents within the scope of paragraph 29. Annexes C and D to these arrangements set out the liaison arrangements for notifications relating to approved persons and controllers. In addition the FSA makes certain formal notifications and reports to the Society arising from its carrying out of these functions. These are listed in Annex E to these arrangements, together with the maximum timescales within which the FSA sends this information to the Society.

PART 3: ARRANGEMENTS FOR MONITORING THE SOCIETY'S COMPLIANCE WITH CERTAIN REQUIREMENTS THAT RELATE TO UNDERWRITING AGENTS

- 32 Some sections of the Handbook require the Society, as an authorised person, to maintain arrangements to require underwriting agents to meet certain standards. If these requirements are not met for any reason, this may call into question not only the

Society's compliance but also whether individual underwriting agents (and/or their approved persons) continue to satisfy requirements imposed by or under the Act. These requirements include but are not limited to:

- Threshold conditions (COND);
- Principles for businesses (PRIN);
- Senior management arrangements, systems and controls (SYSC);
- Fit and proper test for approved persons (FIT); and
- Principles and code of practice for approved persons (APER).

33 This Part describes how the FSA monitors whether underwriting agents are complying with the requirements that the Society has put in place and whether these requirements remain adequate to achieve the purpose for which they were intended. As part of this process, the FSA will also review the Society's relevant byelaws and monitoring procedures.

Interim requirements relating to underwriting agents' financial resources

34 In chapter 4 of the Interim prudential sourcebook for investment business, IPRU(INV), the FSA directs the Society to maintain appropriate and effective arrangements to require underwriting agents to meet and continue to meet financial resource requirements at least equivalent to those set out in Lloyd's Capital and Solvency Requirements 2001, as they were in force immediately before 1 December 2001.

35 Underwriting agents report to the Society on their compliance with Lloyd's Capital and Solvency Requirements 2001. The Society makes quarterly and annual reports to the FSA on each underwriting agent's compliance based on this information, as specified in IPRU(INV) 4.4.2D, 4.4.3D, 4.4.4.D and 4.4.5D.

36 If the FSA has questions arising from any of these reports, it addresses them to the Society in the first instance. The FSA does not normally contact an underwriting agent directly for this purpose unless the Society is unable to answer its questions, or it appears to the FSA that an underwriting agent has, or may have, breached or may breach a requirement imposed on it by or under the Act. In the latter circumstances the FSA and the Society would consider whether this should be referred for enforcement action, by the Society or the FSA or by both bodies. If so, the enforcement co-operation arrangements would apply (www.fsa.gov.uk/lloyds).

37 The Council may, with the prior written approval of the FSA, modify the requirements of Lloyd's Capital and Solvency Requirements 2001 in respect of any underwriting agent. An underwriting agent wishing to apply for a modification contacts the Society, which assesses the application and seeks the FSA's consent.

Requirements relating to underwriting agents' internal systems and controls and accounting records

- 38 To protect Lloyd's policyholders, LLD, IPRU(INV) and SUP place a number of specific requirements on the Society that relate to underwriting agents' internal systems and controls and accounting records. These include requirements to:
- take reasonable steps to ensure that the Lloyd's market is soundly and prudently managed (LLD 9.2.2R);
 - take reasonable steps to ensure that managing agents maintain adequate internal systems and controls to manage the operational risks to which the syndicates they manage are exposed (LLD 10.8.1R);
 - take reasonable steps to ensure that managing agents appoint auditors for every syndicate which they manage (SUP 3.3.4D);
 - require managing agents appointing syndicate actuaries to take reasonable care to ensure they have the required skills, resources, experience and qualifications (LLD 10.9.6R); and
 - maintain appropriate and effective arrangements to require underwriting agents to meet the obligation to keep and preserve accounting records, set out in Lloyd's Underwriting Agents Byelaw (No 4 of 1984), Section III, paragraph 53B, as it was in force immediately before 1 December 2001 (IPRU(INV) 4.5.1D).
- 39 In addition to these specific requirements, the Society can only comply satisfactorily with some of the prudential requirements in chapters 9 to 15 of LLD if managing agents properly implement certain requirements placed on them by the Society. If a managing agent fails to do so, this may call into question whether that managing agent is complying with the FSA's high level requirements.
- 40 The FSA monitors whether the Society is complying with the requirements imposed on it by or under the Act through a combination of baseline monitoring, a risk mitigation programme and thematic work. This may involve reviewing, or sometimes participating in, the Society's monitoring of underwriting agents. Information obtained in the course of this work is used in assessing whether underwriting agents are complying with requirements imposed by or under the Act.

Complaints from policyholders and members

- 41 The Society has a two-tier internal procedure for handling complaints from policyholders and members. The FSA's requirements with respect to the handling of such complaints are set out in LLD 6, LLD 7 and DISP 1 (see in particular DISP 1.7). If an underwriting agent fails to co-operate appropriately with the Society's complaints handling arrangements, this may call into question whether that underwriting agent is complying with the FSA's high level requirements, notably Principles 6 and 7.
- 42 When reviewing the Society's compliance with these requirements and its six-monthly reports on complaints (made under DISP 1.5.4R and LLD 7.4), the FSA considers

whether there are any indications that specific underwriting agents may be failing to comply with its requirements for the handling of complaints. It initially discusses any such concerns with the Society's Compliance Officer or Regulatory Division. The FSA has regard to the Society's views but retains discretion to take action itself if agreement cannot be reached with the Society.

PART 4: GENERAL PROVISIONS

43 The following general provisions apply to the arrangements described in this document.

Routine liaison between the FSA and the Society

44 To ensure the effective operation of these arrangements, there is close liaison between those responsible for carrying out the Society's regulatory functions and those at the FSA responsible for managing the FSA's relationship with Lloyd's. In addition to informal day-to-day contact, a number of regular meetings are held.

- The FSA holds a quarterly meeting attended by the chairmen, or other representatives, of Lloyd's Regulatory, Market and Disciplinary Boards, and the Director of the Society's Regulatory Division, to discuss general issues relating to the supervision of underwriting agents. As background to these meetings the FSA routinely receives the agendas of all committees to which the Council has delegated responsibility for carrying out the Society's regulatory functions.
- The FSA meets the Director of the Regulatory Division and his senior staff once a month to discuss issues relating to the compliance of specific underwriting agents (and their approved persons) with requirements imposed by or under the Act.
- FSA staff may also attend some of the Regulatory Division's regular monitoring meetings, including Syndicate and Agent Analysis Group meetings and monthly Underwriting Agents Department meetings. The Department also sends the FSA regular and timely information on market developments.

45 Although the FSA participates in the meetings described in paragraph 44 primarily to help it carry out its responsibilities with respect to underwriting agents and their approved persons, it may use information obtained from them for other purposes. These include carrying out its responsibilities under sections 314 and 315 of the Act (Authority's general duty; The Society: authorisation and permission).

46 The FSA and the Society also liaise regularly as part of the FSA's lead supervision arrangements for groups that include underwriting agents.

Monitoring the effectiveness of these arrangements

47 The FSA monitors how the Society is carrying out the functions it performs on behalf of the FSA and operates quality control procedures to promote consistency of approach across the different types of firm which it regulates. This may involve asking the Society for certain information for these purposes. The FSA may also use sampling techniques and may contact underwriting agents directly or accompany the

Society's staff on regulatory visits. The results of this monitoring may lead to changes in these arrangements or their termination, as provided for in paragraph 49.

Provision for review and termination of these arrangements

- 48 These arrangements are designed to promote efficient and effective regulation of the Lloyd's market. In the light of this objective, and mindful of their respective regulatory objectives, the FSA and the Society keep under review the operation of the arrangements described in this document. These are in any case formally reviewed annually, usually in March. Any material changes proposed to these arrangements are discussed with interested parties, including the underwriting agents, and changes are promptly reflected in the text of this document published on the FSA's website.
- 49 If the Society wishes to terminate the arrangements described in Part 1, it should give the FSA nine months notice. The FSA would expect to give similar notice to the Society if it wished to terminate these arrangements. However, it reserves the right to terminate them more quickly should this be necessary or desirable because of risks to its statutory objectives, notably the protection of consumers and promoting confidence in the market at Lloyd's.

ANNEX A REPORTS AND NOTIFICATIONS MADE TO THE FSA BY THE SOCIETY FOLLOWING RECEIPT OF THE REPORTS AND NOTIFICATIONS LISTED IN PARAGRAPH 10

Report/notification	Report/notification to be made to the FSA
Appointment etc of auditors SUP 3.3.2R(2) and (5)	Within two weeks of receipt.
Notification of matters raised by auditor SUP 3.7.2G	Within one week of receipt, unless falling within the scope of LLD 2.3 (where immediate notification is required).
Termination of auditor's term of office SUP 3.8.11R, 3.8.12R	Within two weeks of receipt, unless falling within the scope of LLD 2.3 (where immediate notification is required).
General notification requirements SUP 15.3	Within one week of receipt, unless falling within the scope of LLD 2.3 (where immediate notification is required).
Core information requirements SUP 15.5	Changes of name within 24 hours of receipt. Otherwise within one week of receipt.
Inaccurate, false or misleading information SUP 15.6	Within two weeks of receipt, unless falling within the scope of LLD 2.3 (where immediate notification is required).
Change of accounting reference date SUP 16.3.17R	Within two weeks of receipt.
Annual controllers report SUP 16.4	<p>Within one month of the deadline for the submission of each underwriting agent's report, the Society should tell the FSA:</p> <ul style="list-style-type: none"> • whether the report has been received; • whether there have been any changes in the controllers recorded by the FSA; and • if so, details of these.

Annual close links report SUP 16.5	Within one month of the deadline for the submission of each underwriting agent's report, the Society should tell the FSA: <ul style="list-style-type: none">• whether the report has been received;• whether there have been any changes in its close links since the last annual report; and• if so, details of these.
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ANNEX B: THE FSA'S RISK ASSESSMENT PROCESS FOR FIRMS

- 1 The FSA is still developing its risk assessment process for firms. An initial report on this was included in *Building the new regulator Progress report 1* (December 2000). In particular this notes that the priority the FSA gives to a particular risk depends on its assessment of two factors:
 - the impact on the FSA's regulatory objectives¹ if the particular risk materialised; and
 - the probability that the particular risk will materialise.

Impact assessment for Lloyd's firms

- 2 Firms are assessed as having a High, Medium High, Medium Low or Low impact on the FSA's regulatory objectives (see chapter 2 of the December 2000 paper). This assessment is based on indicators relevant to the sector or sectors in which a firm operates.
- 3 Set out below are the impact indicators the FSA is using for the initial risk assessments of the Lloyd's firms it regulates. These may be modified in the light of the further development of its risk assessment model and experience in regulating the Lloyd's market.
 - The impact of a risk materialising in the **Society** is measured in broadly the same way as for general insurers, ie with reference to members' aggregate gross premium income.
 - The impact on the FSA's objectives is judged to be greater if risks materialise in **managing agents** than if this happens in other investment firms not carrying on regulated activities as principals. Because of the Society's importance as an insurance undertaking, and the specialised nature of much of its business, consumers (Lloyd's policyholders) and market confidence could be adversely affected by significant problems in the agents that manage its members' business. However, it would be inappropriate to apply the impact thresholds for general insurers to individual underwriting agents. A significant multiple of these is therefore used; and capacity under management is substituted for gross premium income as the metric (because this data is up-to-date, easily available and well understood in the Lloyd's market).
 - The metric used for **members' agents** is annual fee income, with the thresholds for the impact bands set higher than those applied to the turnover of other investment advisory firms. This mainly reflects the different characteristics of the investments on which these firms are advising. (The same impact measure is applied to **members' advisers**, who are outside the scope of these arrangements.)
 - For **combined agents** (ie underwriting agents permitted by the Council to act as both managing and members' agents) impact is currently measured on both bases and the higher impact band used.

¹ These are set out in sections 2 to 6 of the Act. In summary they are: maintaining confidence in the UK financial system; promoting public understanding of the financial system; securing the appropriate degree of protection for consumers; and reducing the scope for financial crime.

Probability

- 4 The FSA undertakes a probability assessment for all firms other than those assessed as Low impact, and the same principle is applied to underwriting agents. This assessment process is a high-level review that seeks to quantify the risk a firm poses to the FSA's objectives. It is not an examination or audit and may not identify all the risks associated with the firm's current and proposed activities. The ultimate responsibility for doing so remains with its Board.
- 5 For firms within groups the approach to risk assessment is based on identifying and risk assessing the material business units where there is common management over particular business activities that may include a number of different legal entities.
- 6 Probability is scored as High, Medium High, Medium Low, or Low with respect to each of the FSA's statutory objectives. A managing agent might, for example, pose a material risk to the consumer protection objective while posing little or no risk with respect to the financial crime objective. This analysis is used as the basis for developing the risk mitigation programmes referred to below.

A to D categories for firms

- 7 When a firm has been classified for impact and (if applicable) probability, it is allocated to one of four categories - A, B, C or D - to indicate the nature of the relationship that the FSA expects to have with that firm. Routine oversight of category D firms, for example, is based predominantly on baseline monitoring, supported where appropriate by thematic work. For higher-category firms this monitoring is supplemented with tailored supervisory programmes (risk mitigation programmes) designed to monitor and mitigate risks to the FSA's objectives (see paragraph 16 of these arrangements).
- 8 This approach also applies where another body or person carries out certain functions on behalf of the FSA (as the Society does with respect to underwriting agents). The practical implications of this approach are reflected in Part 1 of these arrangements.
- 9 The FSA's risk assessments of firms are updated periodically, the frequency of these reviews being determined by the extent of the risk they pose to its objectives and any major changes in their businesses. Risk mitigation programmes may be reviewed more frequently.

Confidentiality of information

- 10 A firm should regard as confidential the information provided by the FSA (or by the Society on its behalf) about the outcome of its risk assessment. This should be disclosed to its auditors but a firm should discuss with the FSA any intended disclosure to any other third parties. The FSA also gives this information to the Society.

The Society's ratings for underwriting agents

- 11 The FSA's risk assessment process for underwriting agents should be distinguished from the ratings allocated to these firms following formal reviews by the Society's Regulatory Division. Such reviews are conducted periodically to ensure that firms continue to meet the standards required by the Society. The ratings allocated range from 1 (critically

inadequate – immediate action required) to 4 (best practice – exemplary internal operational control).

- 12 The FSA is notified by the Society of the ratings allocated to underwriting agents and takes account of these in relevant parts of its own risk assessment work. However, the purpose, scope and use made of these two risk assessment processes differ in important respects.

ANNEX C LIAISON BETWEEN THE FSA AND THE SOCIETY ON NOTIFICATIONS RELATING TO APPROVED PERSONS

- 1 As mentioned in paragraph 29 of these arrangements, underwriting agents should copy to the Society any notification relating to approved persons made to the FSA under SUP 10, accompanied by the supplementary Lloyd's Form for FSA Approved Persons. This Annex sets out how the FSA and the Society liaise on individual registration applications.

Routine applications and withdrawals

- 2 The FSA and the Society process routine applications and withdrawals on a "nothing known against" basis. The FSA aims to do this within 4 working days. The FSA and the Society exchange a monthly report on the individuals processed over that period. Any exceptions highlighted by the monthly report are handled by discussion.

Non-routine applications and withdrawals

- 3 When the FSA has concerns about a candidate for approval, it immediately informs the Society that the application is being treated as "non-routine". The Society is kept informed of progress on the case. A similar process is followed with respect to qualified withdrawals.
- 4 If the Society has concerns about an application, it immediately informs both the FSA's Lloyd's Supervision Team and its Individual Vetting and Approval Department so that this information can be recorded against the application. Its significance is then assessed, with close liaison between all parties.

ANNEX D LIAISON BETWEEN THE FSA AND THE SOCIETY ON NOTIFICATIONS RELATING TO CONTROLLERS

- 1 The FSA and the Society immediately notify each other as soon as either becomes aware that there may be a change of control at an underwriting agent (unless specific confidentiality restrictions apply, for example as a result of the FSA's responsibilities as the UKLA).
- 2 When the FSA receives notifications relating to controllers under SUP 11.3 to 11.9 inclusive, it copies these to the Society within 3 days of receipt. The Society requires those who have submitted these notifications to submit certain additional information directly to Lloyd's. This is set out in the Lloyd's Controller Application Form and the Lloyd's Questionnaire Form.
- 3 The FSA and the Society liaise closely when considering proposed changes relating to controllers and they inform each other promptly about all decisions or proposed decisions relating to such changes.

ANNEX E REPORTS AND NOTIFICATIONS MADE TO THE SOCIETY BY THE FSA ARISING FROM ITS PERFORMANCE OF CERTAIN OF THE FUNCTIONS LISTED IN PARAGRAPH 29

Functions	Report/notification to be made to the Society
<p>Applications to vary and cancel Part IV permission and end authorisation</p> <p>SUP 6</p>	<p>Receipt of applications outside the scope of SUP 6.2.14G: within one week of receipt.</p> <p>In respect of all applications, decisions to grant applications, to give warning notices and to give decision notices: at the same time as these are sent to the applicant.</p>
<p>Requests for waivers and modifications of FSA rules</p> <p>SUP 8</p>	<p>Receipt of requests relating to the carrying on of Lloyd's-related regulated activities: within one week of receipt.</p> <p>Decisions on such requests: at the same time as these are sent to the applicant.</p> <p>Revocation or variation of any directions given in response to such requests: within one week.</p>
<p>Requests to the FSA for individual guidance</p> <p>SUP 9</p>	<p>Receipt of requests relating to the carrying on of Lloyd's-related regulated activities: within one week of receipt.</p> <p>Guidance given in response to such requests: at the same time as this is given to the applicant (or, in the case of oral guidance, as soon as practicable thereafter).</p> <p>Guidance given on the FSA's own initiative relating to the carrying on of Lloyd's-related regulated activities: at the same time as this is given to the firm.</p>
<p>Notifications relating to notified persons</p> <p>SUP 15.4</p>	<p>Within two weeks of receipt.</p>

ENFORCEMENT CO-OPERATION ARRANGEMENTS

1 Introduction

- 1.1 We, the Financial Services Authority (“the FSA”) and the Society of Lloyd’s (“the Society”), have agreed the arrangements in this document to assist us when we are considering cases of regulatory concern or misconduct of mutual interest to us.
- 1.2 The arrangements in this document apply primarily to our relationship with each other as regulators of certain participants in the market at Lloyd’s. They do not apply to the FSA’s regulation of the Society as an authorised person under the Financial Services and Markets Act 2000 (“the 2000 Act”).
- 1.3 Our objectives are to:
- achieve a close, co-operative and effective working relationship between the FSA and the Society on relevant enforcement cases;
 - prevent undue duplication of investigation and enforcement work in those cases; and
 - prevent any unfair treatment for persons who are subject to investigations and enforcement action, by reason of the unnecessary involvement of both the FSA and the Society.
- 1.4 We intend that these arrangements will guide us when we are co-operating together on enforcement issues, but we do not intend them to fetter our discretion in exercising our respective powers under the 2000 Act and under Lloyd’s Acts 1871 – 1982. The arrangements are also subject to the restrictions on disclosure of information that apply to us (see Appendix 2). They do not override those restrictions.
- 1.5 We have published these arrangements to fulfil our commitment to be open and transparent in carrying out our enforcement functions. Part 1 of the arrangements (paragraphs 2 to 8) explains the relationship between us and provides information about:
- persons regulated by the FSA and the Society
 - provisions applying to those persons
 - our responsibilities for enforcing those provisions
 - our powers to enforce the provisions
 - relevant provisions of the Lloyd’s sourcebook
 - our planning assumptions and principles for liaison relating to enforcement cases
 - sources of enforcement cases

- preliminary enquiries and initial liaison
- further investigation and urgent protective and remedial action
- factors tending towards action by the FSA or the Society
- liaison and co-operation during investigations
- conduct of concurrent investigations
- deciding to take enforcement proceedings
- closing cases
- cases involving misconduct committed before the enforcement provisions of the 2000 Act come into force.

1.6 Part 2 of the arrangements (paragraphs 9 to 12) provides information about our arrangements for liaison on international and other relevant enforcement matters.

PART 1: CO-OPERATION RELATING TO CERTAIN FIRMS AND INDIVIDUALS REGULATED BY BOTH THE FSA AND THE SOCIETY

2 Persons regulated by both the FSA and the Society

- 2.1 The FSA and the Society both regulate the following persons in relation to their activities at Lloyd's:
- FSA authorised firms which are underwriting agents (i.e. managing agents, members' agents and corporate advisers, see Appendix 1 for current list)
 - FSA approved persons who perform controlled functions in relation to underwriting agents (i.e. persons described in Appendix 3).
- 2.2 We have therefore designed these arrangements primarily to help us co-operate with each other when we are considering investigating and/or enforcing compliance with regulatory provisions applying to persons regulated by both of us.
- 2.3 However, the FSA also has administrative, civil and criminal enforcement powers that it may use in relation to persons who breach provisions of the 2000 Act and provisions made under the Act, whether or not they are regulated by the FSA. In appropriate circumstances, and in accordance with the policies set out in its Enforcement manual, the FSA could exercise these powers against other participants in the Lloyd's market regulated by the Society (see Appendix 4). For instance, the FSA might exercise its prohibition power in relation to a Lloyd's registered individual who is not an FSA approved person, if it appears that the individual is not fit and proper to perform specified functions in relation to regulated activities (as defined in the 2000 Act).

3 Provisions applying to persons regulated by the FSA and the Society

- 3.1 Appendix 5 lists the FSA provisions that apply to underwriting agents that are FSA authorised firms and Lloyd's registered individuals who are FSA approved persons. Paragraphs 3.2 to 3.10 below summarise those provisions, comparable Lloyd's provisions and general provisions of the 2000 Act under the following headings:
- high level standards for firms (including Principles and threshold conditions),
 - business standards for firms (including conduct of business rules),
 - high level standards for individuals (including Principles and criteria for assessing fitness and propriety),
 - general provisions of the 2000 Act (including criminal offences).

High level standards for firms

Underwriting agents are required to comply with the FSA's Principles (PRIN) and comparable Lloyd's provisions which include those set out in the Core Principles

Byelaw (No. 34 of 1996) and the Codes Handbook.

- 3.2 Underwriting agents must also continue to satisfy the threshold conditions for authorisation in schedule 6 of the 2000 Act and comparable provisions which include those set out in Lloyd's Act 1982 sections 10 to 12 and the Underwriting Agents Byelaw (No. 4 of 1984).

Business standards

- 3.3 The FSA Investment business interim prudential sourcebook does not impose directly on underwriting agents obligations regarding financial resource requirements. It directs the Society to ensure that underwriting agents are subject to and comply with requirements at least equivalent to those in force immediately before N2 pursuant to the Capital and Solvency Requirements 2001 made under Underwriting Agents Byelaw (No. 4 of 1984).
- 3.4 Managing agents are required to comply with the FSA Conduct of Business (listed in ch 12 of the Conduct of Business Sourcebook) rules and comparable provisions in the Lloyd's byelaws and codes of practice including the Agency Agreements Byelaw (No. 8 of 1988) and the Code on Sound and Prudent Management, Standards for Compliance, Codes for Managing Agents on Managing Underwriting Risk, Management of Investment Risk, Management of Reserving Risk and UK Personal Lines and the Codes for Underwriting Agents on Personal Line Claims and Complaints Handling and Advertising and Publication.
- 3.5 Members' agents and corporate advisers are required to comply with COB rules and comparable provisions in the Lloyd's byelaws and codes of practice including the Agency Agreements Byelaw (No. 8 of 1988), the Code for Members' Agents on Responsibilities to Members as well as the codes of practice referred to in paragraph 3.5 above.

High level standards for individuals

- 3.6 Lloyd's registered individuals who are FSA approved persons are required to comply with FSA Statements of Principle for Approved Persons and comparable provisions in the Lloyd's byelaws including the Core Principles Byelaw (No. 34 of 1996) and the Individual Registration Byelaw (No. 3 of 1998).
- 3.7 Lloyd's registered individuals who are FSA approved persons must also satisfy the FSA's criteria for fitness and propriety (FIT) and comparable provisions in the Lloyd's byelaws including the Individual Registration Byelaw (No. 3 of 1998) and the Core Principles Byelaw (No. 34 of 1996).

General provisions of the 2000 Act

In addition to the above provisions, underwriting agents, Lloyd's registered individuals and FSA approved persons will be subject to the general provisions of the 2000 Act including:

- (for underwriting agents) the requirement for permission in section 20

- (for Lloyd’s registered individuals and approved persons) the FSA’s power in section 56 to make prohibition orders against individuals who are not fit and proper persons;
- (for Lloyd’s underwriting agents, registered individuals and FSA approved persons) criminal offences including
 - making misleading statements (under section 397(2)); and
 - misleading the FSA (under section 398).

3.10 Part 2 of these arrangements contains information about other general provisions of the 2000 Act that apply to persons who are not FSA authorised firms.

4 The FSA’s and the Society’s responsibilities for enforcing those provisions

The FSA’s enforcement responsibility

4.1 By paragraph 6(1) of Schedule 1 to the 2000 Act, the FSA must maintain arrangements designed to enable it to determine whether persons on whom requirements are imposed by or under the 2000 Act are complying with them. By paragraph 6(3) of the Schedule, the FSA must also maintain arrangements for enforcing the provisions of, or made under, the 2000 Act. Those provisions include the provisions summarised in paragraph 3 above.

4.2 The FSA’s regulatory objectives under the 2000 Act are:

market confidence

- maintaining confidence in the UK financial system;

public awareness

- promoting public understanding of the financial system, including awareness of the benefits and risks associated with different kinds of investments or other dealings;

the protection of consumers

- securing the appropriate degree of protection for consumers, having regard to the differing degrees of experience and expertise which different consumers may have, and the general principle that consumers should take responsibility for their decisions; and

the reduction of financial crime

- reducing the extent to which it is possible for a business carried on by a regulated person to be used for a purpose connected with financial crime.

The Society's enforcement responsibility

4.3 The Society has stated its overall objective of regulation as being to provide reasonable safeguards for Lloyd's policyholders, capital providers, and component businesses in order to establish a basis for confidence that Lloyd's is a solvent and soundly managed market in which to do business. To that end, the Council of Lloyd's sets and enforces standards to ensure that:

- the Lloyd's market and those trading in it are solvent;
- those doing business in the market are competent and honest;
- all market users are fairly and impartially treated;
- the market is as transparent as possible; and
- the market is not misled, manipulated or abused.

5 FSA's and the Society's powers to enforce those provisions

The FSA's enforcement powers

5.1 The FSA has powers under the 2000 Act to investigate and to enforce relevant provisions in respect of the persons and activities it regulates, the most relevant powers for the purposes of these arrangements are listed below:

- information gathering and investigative powers, including powers to:
 - require information from FSA authorised firms and certain others;
 - require reports by skilled persons from FSA authorised firms and certain others;
 - appoint investigators to carry out general investigations of FSA authorised firms and certain others;
 - appoint investigators to carry out investigations in particular cases, including suspected breaches of FSA rules and suspected offences under the 2000 Act; and to
 - apply for search warrants;
- variation and cancellation of permission and withdrawal of authorisation;
- prohibition of individuals;
- withdrawal of approval from approved persons;
- disciplinary powers against approved persons;

- disciplinary powers against firms;
 - insolvency proceedings;
 - injunctions;
 - restitution; and
 - prosecution of criminal offences.
- 5.2 The FSA is committed to the exercise of its enforcement powers in a manner that is transparent, proportionate and consistent, and which seeks to provide fair treatment for those who are subject to those powers.
- 5.3 More detail on these and other powers available to the FSA is provided in the FSA's Enforcement manual. For reference ENF 1 Annex 1G to the FSA's Enforcement manual is included at Appendix 6 to these arrangements.

The Society's enforcement powers

- 5.4 The Society has broadly comparable powers of enforcement and in particular powers to:
- de-register, vary registration of, or suspend, firms;
 - terminate, suspend, or amend conditions of, an individual's registration;
 - withdraw approvals;
 - investigate and discipline firms and individuals;
 - administrative suspension powers (not available to the FSA); and
 - require restitution.
- 5.5 However, the Society does not have comparable powers to the FSA's powers to take insolvency proceedings (except as a creditor), to prohibit individuals from regulated activities generally other than at Lloyd's, or to prosecute criminal offences.

6 Relevant provisions of the Lloyd's sourcebook

- 6.1 Chapter 2 of the Lloyd's sourcebook (LLD 2) covers the provision of certain information by the Society to the FSA. The reporting by the Society includes circumstances of material concern, the commencement of investigations and disciplinary proceedings, etc. The Society is also required to report monthly to the FSA on the progress of such investigations and disciplinary proceedings. The provisions of LLD 2 reflect two connected features of the relationship between us:
- the Society's regulatory responsibilities for the Lloyd's market; and

- our expectation that the FSA's direct monitoring of underwriting agents and approved persons acting for or on their behalf, may be less intensive than its monitoring of firms and approved persons outside the Lloyd's market.
- 6.2 LLD 2 also includes the FSA's policy regarding notification to the Society by the FSA of certain investigations and enforcement action. Subject to certain restrictions the FSA will notify the Society when the FSA uses its investigative and enforcement powers under the 2000 Act upon underwriting agents and other relevant persons and individuals.
- 6.3 We intend that the arrangements set out in this document will complement the formal provisions of the Lloyd's sourcebook. Paragraphs 7 and 8 explain how we will liaise together and Appendix 2 outlines relevant provisions on the disclosure of information between us.

7 Our planning assumptions and principles for liaison

- 7.1 We intend to establish and maintain an ongoing, working relationship to deal with relevant enforcement issues arising in the Lloyd's market. We will discuss matters as and when they arise and we will also hold regular meetings to liaise on enforcement issues of mutual interest to us.
- 7.2 The level of the FSA's interest in any particular enforcement issue will vary depending on the risks that the issue poses to the FSA's regulatory objectives (see paragraph 4.2 above). However, as set out in paragraph 7.3, the FSA will not always need to use its investigation and enforcement powers in cases in which it has an interest.
- 7.3 We recognise that the FSA's investigation and enforcement powers are discretionary powers, and that, in many cases, investigation and enforcement action led by the Society may be an alternative way of dealing with risks to the FSA's regulatory objectives. Consequently, when considering whether to use its powers, the FSA may take into account the availability and relative effectiveness of the Society's own powers and resources to investigate, intervene or discipline in relation to the concern or concerns, together with the relative speed of this process.
- 7.4 In cases where both of us could use our enforcement powers, we will have regard to the following principles when discussing how to proceed:
- relevant Lloyd's firms or individuals should not be subject to more than one investigation or set of enforcement proceedings for the same alleged wrong-doing, unless it is appropriate for us to exercise our different powers against the firm or individual or the investigation or enforcement action relates to different aspects of the misconduct;
 - in suitable cases, and subject to the appropriate level of liaison and review, investigation and enforcement action led by the Society may be sufficient to fulfil not only the Society's enforcement responsibilities (see paragraph 4.3) but also to

deal with the risks posed to the FSA's regulatory objectives (see paragraph 4.2); and

- cases of mutual interest will be reviewed regularly as they develop, to determine whether the lead responsibility should be transferred from the Society to the FSA or vice versa.

Sources of enforcement cases

- 7.5 Whilst the majority of enforcement cases are likely to result from monitoring by the Society, they may also result from reports of matters of material concern made by firms to the Society or complaints about a firm's or individual's conduct made either to the Society or to the FSA. In all instances, the appropriate action will be taken in line with the procedures set out in these arrangements and the supervision arrangements.

Preliminary enquiries and initial liaison

- 7.6 In general, we expect that the Society will be the initial recipient of reports from, or complaints, information or monitoring referrals about, an underwriting agent or Lloyd's registered individual. We therefore expect that in such circumstances the Society will make any additional preliminary enquiries needed to establish the basic facts to consider whether to investigate and/or take enforcement action and/or refer the case to the FSA or another UK body. The Society will inform the FSA of matters of material concern to the FSA, and the commencement of investigations, as described in chapter 2 of the Lloyd's sourcebook (LLD2).
- 7.7 The nature and extent of our subsequent liaison will depend on the degree to which the matter poses a risk to the FSA's regulatory objectives (see paragraph 4.2). If it is clear that the matter poses little risk to the FSA's regulatory objectives (e.g. because it predominantly involves breaches of specific Lloyd's byelaws or requirements), the FSA's interest in the case is unlikely to exceed reviewing the information provided by the Society and monitoring the progress of the case. In a case like this, the FSA will inform the Society that it is not considering exercising its enforcement powers. If the matter appears to involve more serious wrongdoing or concerns, the FSA will assess the extent to which the matter poses a risk to its regulatory objectives, and we will proceed as follows:
- (1) *Risks to the FSA's regulatory objectives.* The FSA will consider all relevant factors on a case by case basis when assessing the extent of the risk to its regulatory objectives, including:
- the nature of the suspected wrongdoing, for instance whether criminal offences are suspected;
 - the scale of suspected wrong-doing or the matters of concern, and the severity of the consequences;
 - the breadth of the suspected wrongdoing or concerns (e.g. whether confined to the Lloyd's market); and
 - the extent of loss or risk of loss to consumers of regulated activities.

- (2) *Discussion of cases of mutual interest.* Where, based on the assessment of the risks posed, it appears that both of us may have an interest in the progress of the case, we will, as part of our ongoing working relationship, discuss the case to agree what steps should be taken and by whom. Again, we will consider all relevant factors on a case by case basis including:
- our different responsibilities for enforcing different provisions;
 - the different powers available to us;
 - the relative speed of our respective investigation and enforcement processes;
 - the need for consistency in enforcement cases;
 - the need for expertise in investigating, preparing and presenting enforcement cases, or in requiring and supervising remedial action; and
 - the availability of investigative and legal resources at the appropriate time.
- (3) Where the apparent wrongdoing or concern appears to amount to both:
- a breach or breaches of provisions that both of us have powers to investigate and enforce; and
 - a risk to the FSA's regulatory objectives;
- we shall discuss which of us will lead the investigation on the basis described in paragraph 7.8 below.
- (4) *Cases in which another UK body is interested.* If another body also appears to have an interest in investigating a case, we may need to have regard to the guidelines that the FSA has agreed with other UK investigating and prosecuting agencies (see paragraph 11) when we discuss what steps should be taken and by whom.

**Deciding on further investigation and urgent protective and remedial action:
Factors tending towards action by the FSA or the Society**

7.8 We will consider all relevant factors set out in paragraph 7.7 including the FSA's assessment of the risks posed to its regulatory objectives. However, even where we assess the risk to the FSA's objectives as material, other relevant factors may make it preferable for the Society to lead the investigation and/or take urgent protective or remedial action, subject to the appropriate level of liaison and review. We will consider whether the factors tend towards the FSA or the Society leading the investigation, or taking urgent action.

- (1) *Factors tending towards the Society.* Despite material risks to the FSA's objectives, the existence of one or more of the following factors will make it more likely that we would decide that the Society should lead any further investigation and take any urgent action required:

- consequences of wrong doing or concerns not severe outside the Lloyd's market;
 - breadth of wrongdoing or concerns is limited to matters specific to the Lloyd's market;
 - the case is similar to other cases dealt with by the Society and should be treated in a consistent manner;
 - wrong-doing or matters of concern that predominantly comprise breaches of specific Lloyd's bye-laws or requirements (see paragraphs 3.4 to 3.7), rather than high level standards or the FSA's prudential requirements for Lloyd's insurance business, and especially requirements in relation to which there is no corresponding detailed FSA rule;
 - wrong-doing or matters of concern in relation to which the Society has the most appropriate investigation and enforcement powers (see paragraph 5.4), for instance its administrative suspension power and its restitution power for breaches of Lloyd's byelaws and requirements; and
 - wrong-doing by underwriting agents that also involves persons who are regulated by the Society (see Appendix 4), but not by the FSA, for instance Lloyd's capital providers.
- (2) *Factors tending towards the FSA.* Conversely, the existence of one or more of the following factors will make it more likely that we would decide that the FSA should lead any further investigation and take any urgent action required:
- the risk to the FSA's regulatory objectives is so material that the FSA needs to take the lead, for instance where wrong-doing or matters of concern pose a risk to the FSA's effective prudential supervision of the Society's insurance business;
 - the case is similar to other cases dealt with by the FSA and should be treated in a consistent manner;
 - wrong-doing or matters of concern in relation to which the FSA has the most appropriate investigation and enforcement powers (see paragraph 5.1), for instance its wider investigation powers, its prohibition power, its civil court powers and its criminal prosecution powers; and
 - wrong-doing by underwriting agents that also involves persons who are not regulated by the Society, but against whom the FSA may use its investigation and/or enforcement powers, for instance controllers of underwriting agents.

Liaison and co-operation generally during investigations

- 7.9 When we discuss who should lead an investigation in a particular case, we will also consider how we should co-operate and liaise together during that investigation. Depending on the nature of the investigation and the extent of our mutual interest in it, we may wish to discuss the progress of the investigation and its findings in any or all of the following ways:
- at our regular meetings on enforcement matters;
 - at particular points in the investigation, for instance after relevant documents have been obtained, interviews held, or particular powers exercised; and
 - on a day to day basis as issues arise and information is obtained.
- 7.10 In appropriate circumstances, we may also need to discuss whether the FSA or the Society should use its investigation powers and investigation resources to support aspects of the investigation being lead by the other body. Examples of how we may co-operate in this way on matters of mutual interest to us include:
- the Society permitting a member of staff in its Regulatory Division to assist an FSA-led investigation, for instance by enabling the FSA to appoint that person as an investigator;
 - the FSA using its relationships with other UK investigating and prosecuting agencies, or overseas regulators, to obtain information or assistance to progress aspects of the investigation of mutual interest to the FSA and the Society; and
 - the FSA using its wider information-gathering and investigation powers to obtain information and evidence in support of those aspects of the investigation.

Conduct of concurrent investigations

- 7.11 Occasionally, because of the nature of our concerns, our different responsibilities and the different powers available to us, we may decide that both of us should investigate and/or take urgent action.
- (1) *Notification of significant developments and steps taken.* When such concurrent investigations or action are necessary we will ensure that we will notify each other of significant developments in our investigations and of significant steps taken. Examples are:
- interviewing a key witness;
 - requiring provision of significant volumes of documents;
 - executing a search warrant;
 - discovery of information that might lead to further action by the other party; and

- instituting proceedings or otherwise disposing of a case.
- (2) *Care to avoid prejudice to investigation etc.* Both of us will take care to ensure that we identify actions by us that might prejudice the investigation or future proceedings of the other party.

Deciding to take enforcement proceedings

7.12 In general we expect that any enforcement proceedings will be taken by whichever one of us has investigated the case. However, to facilitate enforcement proceedings we will (subject to restrictions on disclosure on confidential information explained in Appendix 2) be able to exchange the information and evidence obtained from the investigation.

- (1) *When enforcement action is being considered.* In accordance with provisions of the Lloyd's sourcebook, and as part of our on-going liaison, we will inform each other when we have formed a view that enforcement proceedings should be taken. If necessary we will discuss which of us should take the proceedings based on a reconsideration of the factors listed in paragraphs 7.7 and 7.8 above.
- (2) *Concurrent or consecutive enforcement action.* We will not usually take concurrent enforcement action, though there may occasionally be instances where consecutive action is appropriate. Examples include:
- variation or cancellation of a firm's permission by the FSA following the imposition of disciplinary sanctions on the firm by the Society; and
 - prohibition of an individual or withdrawal of approval by the FSA following the imposition of disciplinary sanctions on an individual by the Society.

Closing cases falling within the scope of these arrangements

7.13 At the conclusion of an investigation where it is decided that no further action need be taken, or at the conclusion of proceedings, the FSA or the Society will notify the other party of the outcome of the investigation and/or proceedings and provide feedback.

8 Cases involving misconduct committed before the enforcement provisions of the 2000 Act come into force

8.1 The FSA cannot use its disciplinary and certain other enforcement powers against underwriting agents and approved persons for misconduct committed before the enforcement provisions of the 2000 Act came into force (N2). However, in appropriate circumstances, the FSA may be able to use some of its other enforcement powers at or after N2, for instance:

- if a firm's pre-N2 misconduct suggests that it is breaching the threshold conditions, the FSA could use its own-initiative variation and cancellation of permission powers against the firm; or

- if an approved person's pre-N2 conduct suggests that he is not a fit and proper person to perform regulated activity functions, the FSA could use its withdrawal of approval and prohibition powers against that approved person.

8.2 We intend to liaise together ahead of N2 on cases which relate to whether an underwriting agent remains fit and proper to carry out regulated activities, or whether a person who would be an approved person at N2 remains fit and proper to perform regulated activity functions.

PART 2: ARRANGEMENTS FOR LIAISON ON INTERNATIONAL AND OTHER RELEVANT ENFORCEMENT MATTERS

9 General

- 9.1 This section deals with liaison between the FSA and the Society on international and other relevant enforcement matters, including the FSA's role in enforcing the general prohibition and the restriction on financial promotion.
- 9.2 We intend to establish and maintain an ongoing, day to day, working relationship to help us deal with these matters. We will discuss matters as and when they arise, and we will also use the regular meetings referred to in paragraph 7.1 for further liaison.
- 9.3 The following paragraphs provide additional background information under the headings:
- International enforcement matters
 - The FSA's relationship with other UK investigating and prosecuting agencies
 - The FSA's enforcement of the general prohibition and related matters.

10 International enforcement matters

- 10.1 The FSA has a duty under section 354 of the 2000 Act to take such steps as it considers appropriate to co-operate with other regulators and law enforcement agencies; whether in the UK or elsewhere. The FSA also has duties under the EU treaty and directives, such as the single market directives, to assist other EU competent authorities.
- 10.2 Subject to the restrictions on disclosure of confidential information under section 348 of the 2000 Act, the FSA may disclose information in its possession with overseas regulators. It may also use certain of its investigation and enforcement powers to assist overseas regulators.
- 10.3 The FSA's investigation and enforcement powers in the 2000 Act to assist overseas regulators include the following:
- to require information and documents from a FSA authorised firm using its power under section 165;
 - to appoint investigators (under section 169(1)(b)); and
 - to impose requirements on an authorised firm by varying the firm's permission on the FSA's own initiative (under section 47).
- 10.4 The FSA has entered into bilateral and multilateral memoranda of understanding with a number of overseas authorities. These memoranda of understanding are not legally binding but they do set out the scope and nature of mutual assistance by means of

exchange of information and supervisory or investigative assistance, to the extent permitted by law.

- 10.5 The Society has obligations to disclose information to certain overseas regulatory authorities for example pursuant to certain licences. In addition, the Society is permitted to disclose confidential information to overseas regulators in accordance with paragraph 4 of the Information and Confidentiality Byelaw (No 21 of 1993).
- 10.6 The Society's powers to assist overseas regulators include the following:
- to require information from capital providers, underwriting agents, Lloyd's brokers and registered individuals as the Council may consider necessary or appropriate (under the Inquiries and Investigations Byelaw (No. 3 of 1983) and the Information and Confidentiality Byelaw (No. 21 of 1993)); and
 - to disclose information to any overseas authority which performs corresponding functions to those of FSA (under the Information and Confidentiality Byelaw (No. 21 of 1993)).
- 10.7 We recognise that we may be able to assist each other in meeting our enforcement obligations to overseas regulators and, if and when appropriate, we will discuss how we can do this on a case by case basis.

11 The FSA's relationship with other UK investigating and prosecuting agencies

- 11.1 The FSA has agreed guidelines with other UK investigating and prosecuting agencies on investigation of cases of interest to the FSA and one or more of the other agencies. The guidelines are set out in Annex 1G of Chapter 2 of the FSA's Enforcement manual. They have been agreed by the FSA and the following other agencies:
- the Serious Fraud Office
 - the Department of Trade and Industry
 - the Crown Prosecution Service
 - the Association of Chief Police Officers in England, Wales and Northern Ireland
 - the Crown Office
 - the Department of the Director of Public Prosecutions for Northern Ireland
 - the Association of Chief Police Officers in Scotland
- 11.2 We recognise that one or more of these other agencies may from time to time have an interest in investigating or prosecuting cases concerning underwriting agents, Lloyd's registered individuals, approved persons, or other relevant persons. In these circumstances, we (the FSA and the Society) will have regard to these guidelines when liaising together under these arrangements (in particular see paragraph 7).

12 The FSA's enforcement of the general prohibition and related matters

12.1 The FSA is responsible for enforcing the following provisions of the 2000 Act that apply to unauthorised persons:

- the general prohibition on carrying on regulated activity without authorisation or exemption from authorisation (see sections 19 and 23 of the Act);
- the offence of making false claims to be authorised, or exempt from authorisation, to carry on a regulated activity (see section 24 of the Act); and
- the restriction on financial promotions by unauthorised persons unless the promotions are approved by an authorised person or an exemption applies (see sections 21 and 25 of the Act).

12.2 The FSA's investigation and enforcement powers in the 2000 Act in relation to those provisions include powers to:

- appoint investigators under section 168(2);
- make prohibition orders prohibiting individuals from regulated activities under section 56;
- apply to the civil courts for:
 - injunctions, including freezing orders (under section 380)
 - restitution orders (under section 382)
 - administration, winding-up, bankruptcy orders, and in Scotland, sequestration awards (under sections 359, 367 and 372); and
- prosecute persons suspected of committing the criminal offences in sections 23, 24 and 25.

12.3 We recognise that from time to time the FSA may need to consider using its investigation and enforcement powers against unauthorised persons who:

- appear to have breached the provisions referred to in paragraph 12.1; and
- may have business dealings or connections with underwriting agents or other persons regulated by the Society.

12.4 We will co-operate and liaise together in such cases, by disclosing relevant information (subject to the restrictions referred to in Appendix 2) and, when appropriate, discussing how we may use the powers available to us to investigate apparent breaches of the provisions.

Appendix 1

Firms covered by these arrangements

A E Grant (Underwriting Agencies) Ltd
Abacus Syndicates Limited
Aberdeen Underwriting Advisers Ltd
ACE London Aviation Limited
ACE London Underwriting Limited
ACE Underwriting Agencies Limited
Additional Underwriting Agencies (No 2) Limited
Additional Underwriting Agencies (No 3) Limited
Additional Underwriting Agencies (No 5) Limited
Admiral Syndicate Management Limited
Aegis Managing Agency Ltd
Alleghany Underwriting Ltd
Amlin Underwriting Limited
Angerstein Underwriting Limited
Anton Members Agency Ltd
Anton Private Capital Limited
Ascot Underwriting Limited
Atrium Underwriters Limited
B F Caudle Agencies Ltd
Bates Cunningham Underwriting Limited
Beazley Furlonge Ltd
BMA Members Agency Ltd
Bridge Underwriting Agents Limited
Brit Syndicates Ltd
Brockbank Personal Lines Limited
Cammo Underwriting Limited
Capita Syndicate Management Ltd
Cassidy Brockbank Limited
Castle Members Agents Limited
Cater Allen Syndicate Management Ltd
Cathedral Underwriting Limited
Catlin Underwriting Agencies Limited
CBS Private Capital Limited
CBS Services No. 1 Limited
CBS Services No. 2 Limited
Chartwell Managing Agents Limited
Chaucer Syndicates Limited
Christie Brockbank Shipton Ltd
CMGL Syndicate Management Ltd
CNA Underwriting Agencies Limited
Commodore Underwriting Agency Limited
Corporate Underwriting Research Limited
Cottrell and Maguire Limited
Cox Syndicate Management Ltd
Creechurch Underwriting Ltd
Crowe Syndicate Management Ltd
Danish Re Syndicates Ltd
Denham Syndicate Management Ltd
Duncanson & Holt Syndicate Management Ltd
Ensign Managing Agency Ltd
Euclidian Insurance Services Ltd
Euclidian Underwriting Ltd
Faraday Underwriting Ltd
Gerling at Lloyd's Limited
GoshawK Syndicate Management Ltd
Greenwich Lloyd's Underwriting Limited
Greenwich Managing Agency Limited
Hampden Agencies Ltd
Hardy (Underwriting Agencies) Ltd
Harrison Bros. Underwriting Agencies Ltd
Heritage Managing Agency Limited
Hiscox Syndicates Ltd
Jago Managing Agency Limited
Jardine (Lloyd's Underwriting Agents) Ltd
KGM Underwriting Agencies Limited
Kingsmead Underwriting Agency Limited
Lewar Ltd
Liberty Syndicate Management Limited
Limit Underwriting Ltd
Lloyd's Members' Agency Services Ltd
Managing Agency Partners Ltd
Markel Syndicate Management Limited
Marketform Managing Agency Limited
Marlborough Underwriting Agency Ltd
Morgan, Fentiman and Barber
Munich Re Underwriting Limited
Navigators Underwriting Agency Ltd
Newline Underwriting Management Ltd
Newmarket Underwriting Ltd
Ockham Personal Insurance Agency Ltd
Omega Underwriting Agents Ltd
Omni Whittington Capital Management Ltd
P & B (Run-Off) Limited
PRO Syndicate Management Limited
R F Bailey (Underwriting Agencies) Ltd
R J Kiln & Co Limited
Richmond Underwriting Limited
Ridge Underwriting Agencies Limited
S A Meacock & Company Limited
Sackville Syndicate Management Ltd
Sentinel Underwriting Limited
SMSM Limited
SNSM Limited
SOC Private Capital Limited
Spectrum Syndicate Management Ltd
St Paul Syndicate Management Ltd
SVB Syndicates Limited
Thomas Miller Managing Agency Ltd
Trafalgar Underwriting Agencies Limited
Weedon Underwriting Agencies Limited
Wellington Underwriting Agencies Limited
Wren Underwriting Agencies Limited
XL London Market Ltd
Zenith Syndicate Management Limited

Appendix 2

Disclosure of confidential information

1. Section 348 of the 2000 Act places restrictions on disclosure of confidential information (as defined in section 348) by the FSA and others. These restrictions also apply to persons, such as the Society, when they are performing functions on behalf of the FSA.
2. However, the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 permit disclosure of confidential information by the FSA to the Society for the following purposes:
 - enabling or assisting the FSA to discharge its public functions;
 - enabling or assisting the Society to discharge its regulatory functions.
3. The regulations also permit disclosure of confidential information by persons such as the Society when they are performing functions on behalf of the FSA (i.e under Part 1 of the Supervision arrangements). Amongst other things, the regulations permit persons such as the Society to disclose confidential information:
 - to the FSA, for the purpose of enabling or assisting the FSA to discharge its public functions;
 - to any person, for the purpose of enabling or assisting the public functions that the Society is performing on behalf of the FSA.
4. Information gathered by the Society in the regulatory context under its powers in the Lloyd's Acts and byelaws is subject to the provisions of the Information and Confidentiality Byelaw (No 21 of 1993). However, pursuant to paragraph 4 of that byelaw, confidential information that is obtained by Lloyd's in a regulatory context may be disclosed to the FSA. Such disclosure of confidential information will be made in accordance with the criteria set out in this document.
5. LLD 1.4.1G gives guidance to the Society about confidential regulatory information. It states:

“The Society should establish and maintain appropriate and effective arrangements to ensure that confidential regulatory information received or created by the Society is used only for carrying out the Society’s regulatory functions and is subject to appropriate and effective restrictions limiting disclosure and use.”

Appendix 3

FSA Approved Persons

1. FSA approved persons will be those individuals or other persons acting for or on behalf of underwriting agents who are subject to SUP 10. For managing agents, these may include individuals performing the following controlled functions:
 - director function
 - non-executive director function
 - chief executive function
 - partner function
 - apportionment and oversight function
 - finance function
 - risk assessment function
 - internal audit function
2. For members' agents and corporate advisers, individuals may be performing the controlled functions listed above, plus the following controlled functions:
 - compliance oversight function
 - money laundering reporting function
 - adviser on syndicate participation at Lloyd's function
3. Depending on the internal structure of the underwriting agent it is possible that an underwriting agent may have individuals performing significant management functions (see SUP 10.9).
4. Should a managing agent apply to undertake regulated activities other than that of managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's then it is possible that a managing agent may have individuals performing customer functions (see SUP 10.10).
5. Similarly, should a members' agent apply to undertake regulated activities other than that of advising a person to become, continue or cease to be, a member of a particular Lloyd's syndicate, then it is possible that a members' agent may have individuals performing other customer functions (see SUP 10.10).

Appendix 4

List of persons regulated by the Society

1. The Society has powers to regulate, inter alia, the persons listed below:
 - Managing Agents
 - Members' Agents
 - Members of the Society (Underwriting Members, Non-Underwriting Members, Corporate Members, External Members)
 - Lloyd's Brokers
 - Approved Run-Off Companies
 - Coverholders and Open Market Correspondents
 - Sponsors (Capacity Auctions)
 - Registered Individuals
 - A person who works for an underwriting agent, corporate member or Lloyd's broker
 - Annual Subscribers
 - Associates
 - Substitutes
 - Representatives
 - Any person who agrees to submit to the jurisdiction of the Society

Appendix 5

List of FSA provisions applying to regulated firms and approved persons

Block 1: High Level Standards

- Principles for Business (PRIN)
- Senior Management Arrangements, Systems and Controls (SYSC)
- Threshold Conditions (COND)
- Statements of Principle and Code of Practice for Approved Persons (APER)
- The Fit and Proper test for Approved Persons (FIT)
- General Provisions (GEN)

Block 2: Business Standards

- Interim Prudential Sourcebook for Investment Business, ch 4: Lloyds firms (IPRU (INV))
- Conduct of Business Sourcebook, ch 12 Lloyd's firms (COB)
- Training and Competence, commitments applicable to all firms, but rules only apply to members' agents (TC)
- Money Laundering, only applicable to members' agents (ML)

Block 3: Regulatory Processes

- Authorisation, ch 1-4, 6 & 8, (AUTH)
- Supervision, ch 1-11, 15 & 16 (SUP)
- Enforcement (ENF)
- Decision making (DEC)

Block 4: Redress

- Dispute Resolution: Complaints (DISP)
- Complaints against the FSA (COAF)

Block 5: Specialist Sourcebooks

- Lloyd's, not directly applicable to underwriting agents as applies to the Society, (other than ch 6 – Complaints from Policyholders – which applies to members). Underwriting agents will be affected by some of the prudential rules binding on the Society. (LLD)

Appendix 6

Annex 1G: Table of powers referred to in the Enforcement manual

This table gives the main location in the Enforcement manual where *guidance* appears on the powers referred to in the *Act* listed below. In many instances the powers will be referred to in other locations.

SUBJECT	PART AND SECTION OF THE ACT	ENFORCEMENT MANUAL LOCATION
VARIATION AND CANCELLATION OF PERMISSION AND WITHDRAWAL OF AUTHORISATION		
Duty to withdraw <i>authorisation</i>	Part III, s.33	<i>ENF 5</i>
Variation and cancellation on the <i>FSA's</i> own initiative	Part IV, s.45	<i>ENF 3</i> (Variation), <i>ENF 5</i> (Cancellation)
Variation on acquisition of <i>control</i>	Part IV, s.46	<i>ENF 3</i>
Exercise of powers in support of an <i>overseas regulator</i>	Part IV, s.47	<i>ENF 3</i> (Variation), <i>ENF 5</i> (Cancellation)
Prohibitions and restrictions	Part IV, s.48	<i>ENF 3.3.10G</i>
PROHIBITION OF INDIVIDUALS		
Power to make a <i>prohibition order</i>	Part V, s.56	<i>ENF 8</i>
WITHDRAWAL OF APPROVAL		
Power to withdraw approval	Part V, s.63	<i>ENF 7</i>
DISCIPLINARY POWERS AGAINST APPROVED PERSONS		
Public statements of misconduct	Part V, s.66	<i>ENF 11</i> and <i>ENF 12</i>
Financial penalties	Part V, s.66	<i>ENF 11</i> and <i>ENF 13</i>
PENALTIES FOR MARKET ABUSE		
Power to impose penalties	Part VIII, s.123	<i>ENF 14</i>
Power to publish statement	Part VIII, s.123	<i>ENF 14</i>
Power to request court to impose penalties	Part VIII, s.129	<i>ENF 14</i>
INFORMATION GATHERING AND INVESTIGATION POWERS		
Power to require information	Part XI, s.165	<i>ENF 2.4.2G – ENF 2.4.7G</i>

Power to require reports	Part XI, s.166	<i>ENF</i> 2.4.8G – <i>ENF</i> 2.4.11G
Power to appoint <i>persons</i> to carry out general investigations	Part XI, s.167	<i>ENF</i> 2.4.12G – <i>ENF</i> 2.4.13G
Power to appoint <i>persons</i> to carry out investigations in particular cases	Part XI, s.168	<i>ENF</i> 2.4.14G – <i>ENF</i> 2.4.15G
Investigations etc in support of an <i>overseas regulator</i>	Part XI, s.169	<i>ENF</i> 2.4.16G – <i>ENF</i> 2.4.17G and <i>ENF</i> 2.5.10G – <i>ENF</i> 2.5.12G
Powers of investigators appointed under s.167	Part XI, s.171	<i>ENF</i> 2.5.2G – <i>ENF</i> 2.5.5G and <i>ENF</i> 2.5.10G – <i>ENF</i> 2.5.12G
Additional powers of investigators appointed as a result of s.168(1) or (4)	Part XI, s.172	<i>ENF</i> 2.5.6G – <i>ENF</i> 2.5.7G and <i>ENF</i> 2.5.10G – <i>ENF</i> 2.5.12G
Powers of investigators appointed as a result of s.168(2)	Part XI, s.173	<i>ENF</i> 2.5.8G and <i>ENF</i> 2.5.10G – <i>ENF</i> 2.5.12G
Information and <i>documents</i> : supplemental provisions	Part XI, s.175	<i>ENF</i> 2.5.10G – <i>ENF</i> 2.5.12G
Entry of premises under warrant	Part XI, s.176	<i>ENF</i> 2.16.1G – <i>ENF</i> 2.16.4G
Investigation powers in relation to <i>collective investment schemes</i>	Part XVII, s.284	<i>ENF</i> 2.4.18G – <i>ENF</i> 2.4.21G and <i>ENF</i> 2.5.13G

INTERVENTION AGAINST INCOMING FIRMS

General grounds on which <i>powers of intervention</i> are exercisable	Part XIII, s.194	<i>ENF</i> 4.4
Exercise of powers in support of an <i>overseas regulator</i>	Part XIII, s.195	<i>ENF</i> 4.4.5G
<i>Power of intervention</i>	Part XIII, s.196	<i>ENF</i> 4
Power to apply to court for <i>injunctions</i> in respect of certain overseas insurance <i>companies</i>	Part XIII, s.198	<i>ENF</i> 6.9 – <i>ENF</i> 6.10

DISCIPLINARY POWERS AGAINST FIRMS

Public censure	Part XIV, s.205	<i>ENF</i> 12
Financial penalties	Part XIV, s.206	<i>ENF</i> 13

AUTHORISED UNIT TRUSTS

Revocation of <i>authorisation</i> order other than by consent	Part XVII, s.254	<i>ENF</i> 16.4.3G – <i>ENF</i> 16.4.4G and <i>ENF</i> 16.4.10G – <i>ENF</i> 16.4.14G
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	Power to give directions	Part XVII, s.257	<i>ENF</i> 16.4.5G – <i>ENF</i> 16.4.7G and <i>ENF</i> 16.4.10G – <i>ENF</i> 16.4.14G
	Applications to the court	Part XVII, s.258	<i>ENF</i> 16.4.8G – <i>ENF</i> 16.4.14G
RECOGNISED SCHEMES			
	Power to suspend promotion of an <i>EEA scheme</i>	Part XVII, s.267	<i>ENF</i> 16.6.2G – <i>ENF</i> 16.6.4G
	Revocation of recognition of s.270 <i>schemes</i> (designated country/territory <i>schemes</i>) and s.272 <i>schemes</i> (individually <i>recognised schemes</i>)	Part XVII, s.279	<i>ENF</i> 16.6.5G and <i>ENF</i> 16.6.7G – <i>ENF</i> 16.6.8G
	Directions in relation to s.270 and s.272 <i>schemes</i>	Part XVII, s.281	<i>ENF</i> 16.6.6G – <i>ENF</i> 16.6.8G
MEMBERS OF DESIGNATED PROFESSIONAL BODIES			
	Power to make disapplication orders	Part XX, s.329	<i>ENF</i> 18
DISQUALIFICATION OF AUDITORS AND ACTUARIES			
	Disqualification of auditor of <i>authorised unit trust</i>	Part XVII, s.249	<i>ENF</i> 17
	Disqualification of auditors and <i>actuaries</i> of <i>authorised persons</i>	Part XXII, s.345	<i>ENF</i> 17
INSOLVENCY PROCEEDINGS AND ORDERS AGAINST DEBT AVOIDANCE			
	<i>Company</i> voluntary arrangements: power to participate in proceedings:	Part XXIV, s.356	<i>ENF</i> 10.7 – <i>ENF</i> 10.8
	Individual voluntary arrangements: power to participate in proceedings:	Part XXIV, s.357	<i>ENF</i> 10.7 – <i>ENF</i> 10.8
	Administration orders: power to present petitions	Part XXIV, s.359	<i>ENF</i> 10.5.1G – <i>ENF</i> 10.5.4G
	Administration orders: power to participate in proceedings	Part XXIV, s.362	<i>ENF</i> 10.11.2G – <i>ENF</i> 10.11.6G and <i>ENF</i> 10.13
	Receivership: power to participate in proceedings	Part XXIV, s.363	<i>ENF</i> 10.11.15G – <i>ENF</i> 10.11.20G
	Voluntary winding up: power to participate in proceedings	Part XXIV, s.365	<i>ENF</i> 10.5.9G – <i>ENF</i> 10.5.13G and <i>ENF</i> 10.11.13G – <i>ENF</i> 10.11.14G
	Winding-up by the court: power to present petitions	Part XXIV, s.367	<i>ENF</i> 10.5.5G – <i>ENF</i> 10.5.8G
	Winding up by the court: power to participate in proceedings	Part XXIV, s.371	<i>ENF</i> 10.11.9G – <i>ENF</i> 10.11.12G and <i>ENF</i> 10.13

	Bankruptcy petitions: power to present petitions	Part XXIV, s.372	<i>ENF</i> 10.5.14G – <i>ENF</i> 10.5.17G and <i>ENF</i> 10.6.12G – <i>ENF</i> 10.6.14G
	Bankruptcy: power to participate in proceedings	Part XXIV, s.374	<i>ENF</i> 10.11.22G – <i>ENF</i> 10.11.23G and <i>ENF</i> 10.13
	Provisions against debt avoidance: right to apply for an order	Part XXIV, s.375	<i>ENF</i> 10.9 and <i>ENF</i> 10.10
INJUNCTIONS			
	Power to apply to court for <i>injunctions</i> in respect of certain overseas insurance <i>companies</i>	Part XIII, s.198	<i>ENF</i> 6.9 – 6.10
	<i>Injunctions</i> for breach of a relevant requirement	Part XXV, s.380	<i>ENF</i> 6.4 and <i>ENF</i> 6.6
	<i>Injunctions</i> in cases of <i>market abuse</i>	Part XXV, s.381	<i>ENF</i> 6.5 – <i>ENF</i> 6.6
RESTITUTION			
	Power to apply to court for a restitution order	Part XXV, s.382	<i>ENF</i> 9
	Restitution orders in cases of <i>market abuse</i>	Part XXV, s.383	<i>ENF</i> 9
	Power to require restitution	Part XXV, s.384	<i>ENF</i> 9
PROSECUTION OF CRIMINAL OFFENCES			
	Power to prosecute offences under the <i>Act</i> and subordinate legislation	Part XXVII, s.401	<i>ENF</i> 15
	Power to prosecute other offences	Part XXVII, s.402	<i>ENF</i> 15

The Enforcement manual does **not** contain *guidance* inter alia, on the following:

s.77, 78 Discontinuance and suspension of listing

s.91 Penalties for breach of listing rules

s.297,298 Revoking recognition (see *REC*)

s.348 Restrictions on disclosure of confidential information

s.395 Procedures for the issue of supervisory notices and decision notices (See *DEC*)

s.404 Schemes for reviewing past business

Schedule 1, Part III, paragraph 17 Fees

GLOSSARY OF REFERENCE CODES FOR HANDBOOK SOURCEBOOKS AND MANUALS REFERRED TO IN THESE ARRANGEMENTS

APER	Principles and code of practice for approved persons
COB	Conduct of business sourcebook
COND	Threshold conditions
DISP	Dispute resolution: complaints
FIT	Fit and proper test for approved persons
IPRU(INV)	Interim prudential sourcebook for investment business
LLD	Lloyd's sourcebook
PRIN	Principles for businesses
SYSC	Senior management arrangements, systems and controls
SUP	Supervision manual