



22 February 2018: This form will be formally adopted on 1 October 2018

Application for Authorisation

Supplement for Lloyd's managing agents

Full name of applicant firm

Important information you should read before completing this form

The notes that accompany this form will help you to answer our questions and explain why we need this information.

Purpose of this form

This form asks you for information specific to the type of regulated business the applicant firm is applying for authorisation to carry on.

You must answer every question. If a question doesn't apply to the applicant firm then answer it 'Not Applicable'.

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Regulatory business plan

Why we ask the questions in this section

We need to know about the business the applicant firm intends to carry on so we can assess (i) the scope of the permission it will need; and (ii) the adequacy of its resources and its suitability to carry on that business.

You must use a separate sheet of paper to answer the questions in section 1.1. to 1.4

You must indicate the number of separate sheets used

The level of detail you give us should reflect the scale and complexity of the applicant firm's proposed business.

If any of the information you provide is unclear, we will ask you about it.

1.1 Background

- 1.1.1 Briefly explain why the applicant firm has been established to carry on the business it is seeking authorisation for.
- 1.1.2 Summarise the business of the applicant firm's controllers and related group entities shown on the group structure chart provided with the Owners and Influencers appendix.
- 1.1.3 Provide details of the source of the funds the applicant firm's controllers are intending to inject into the applicant firm to support its proposed business activities.

1.2 Description of proposed business

Refer to the notes for details of the information that you must provide.

1.3 Corporate governance and management structure

- 1.3.1 Provide full details of the proposed board composition together with a) terms of references for the board; b) job descriptions for each board member; and c) job descriptions of all other staff in senior management positions.
- 1.3.2 Provide full details for all committees which the applicant firm is proposing to establish containing terms of reference and composition for each committee. Where the applicant firm intends to rely on group committees, such as an audit committee, details of these arrangements should be explained.
- 1.3.3 Please provide an organogram for the applicant firm showing all senior management positions.

1.4 Internal systems and controls

- 1.4.1 Describe how each of the following areas will operate within the applicant firm:

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- risk management;
- compliance;
- internal audit; and
- external audit arrangements.

1.4.2 Provide details of the IT business continuity and the disaster recovery plans the applicant firm will put in place to ensure business continuity.

1.5 Outsourcing

Will the applicant firm be outsourcing any functions to third parties or other group entities?

- No ▶ Continue to question 1.6
- Yes ▶ You must give details below of the functions that will be outsourced, the parties to which the functions will be outsourced, and how the applicant firm will monitor and control the outsourced functions.

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1.6 Complex IT systems

1.6.1 Are the applicant firm's IT systems applications complex?

- No
 Yes

1.6.2 Is the applicant firm's proposed business heavily dependent on its IT systems applications?

- No
 Yes

1.6.3 Will the applicant firm's IT systems applications automatically interface with customers/counterparties?

- No
 Yes

If you have answered 'Yes' to one or more of questions 1.6.1 to 1.6.3, you must complete the Detailed IT Controls Form.

Please see the notes to this supplement for the link to the appropriate form

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Scope of Permission required

Why we ask the questions in this section

If we grant authorisation to the applicant firm, we will give it a Scope of Permission notice. This sets out:

- the regulated activities the applicant firm is authorised to carry on;
- for each regulated activity, the investment types in which, and the client types for which, the applicant firm is authorised to carry it on;
- for each regulated activity, any limitations attaching to it; and
- any requirements on the applicant firm.

It is the applicant firm's responsibility to ensure the Scope of Permission it applies for will cover all the regulated activities it is seeking to carry on.

The applicant firm's requested Scope of Permission should correspond with the description of its proposed business in Section 1. If it is not clear how it does so, we will ask you about this.

2.1 Insurance business at Lloyd's

Regulated activities, investment and client types

You must confirm by ticking the box below if the applicant firm is applying for permission to carry on the regulated activities and corresponding investment and client types as set out in the pro-forma table below. If the pro-forma table does not cover your proposed activities you should specify the regulated activities and corresponding investment and client types separately in question 2.4.

The applicant firm is seeking permission for the regulated activities and corresponding investment and client types in table 2.1:

- Yes
 No, the details have been given in question 2.4

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Table 2.1

INSURANCE BUSINESS AT LLOYD'S PERMISSION PROFILE TABLE

	REGULATED ACTIVITY		
	Managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's	Arranging (bringing about) deals in investments	Making arrangements with a view to transactions in investments
<u>INVESTMENT TYPE</u>			
Underwriting capacity of a Lloyd's syndicate	✓	✓	✓
Rights to or interests in investments in so far as they relate to a Lloyd's syndicate or membership of a Lloyd's syndicate	✓	✓	✓
<u>CLIENT TYPE</u>			
All	✓	✓	✓

2.2 Lloyd's managing agents also carrying on insurance distribution business

If the applicant firm will also be carrying on insurance distribution activities in addition to or in conjunction with its main activity of managing the underwriting capacity of a Lloyd's syndicate as a managing agent it must apply for permission for these activities. You must do this by completing the insurance distribution business permission profile table.

You must confirm whether the applicant firm has completed the general insurance business permission profile table:

- Yes
 No, the applicant firm is not seeking permission to carry on insurance distribution business

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INSURANCE DISTRIBUTION BUSINESS PERMISSION PROFILE TABLE

	REGULATED ACTIVITY				
	Advising on investments (excluding pension transfers/opt-outs)	Arranging (bringing about) deals in investments	Making arrangements with a view to transactions in investments	Dealing in investments as agent	Assisting in the administration and performance of a contract of insurance
INVESTMENT TYPE					
Non-investment insurance contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CUSTOMER TYPE					
Retail (non-investment insurance)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2.3 Agreeing to carry on a regulated activity

Under the permission regime, 'agreeing to carry on a regulated activity' is a regulated activity in its own right. As a matter of course, the applicant firm will also carry on this regulated activity (which will be limited to agreeing to carry on only the other regulated activities specified in the applicant firm's Scope of Permission Notice).

You must confirm the applicant firm requests permission to carry on the regulated activity of 'Agreeing to carry on a regulated activity':

Yes

2.4 Other regulated activities

Is the applicant firm applying for permission to carry on any other regulated activities?

No ▶ Continue to question 2.5

Yes ▶ You must list them (with the corresponding investment and client types) below:-

You should also specify below your regulated activities with corresponding investment and client types if the pro-forma table 2.1 does not capture your proposed activities as a managing agent.

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2.5 Other limitations/requirements

If the applicant firm is seeking to attach any other limitations to any of its regulated activities, or any other requirements on it, then you must give details here:

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3 Financial resources

Why we ask the questions in this section

All authorised firms must satisfy the applicable prudential requirements. We need to ensure the applicant firm will satisfy these requirements at the date of authorisation and on an ongoing basis.

3.1 Financial resources

The applicant firm must demonstrate that its capital will meet the financial resources requirements for a managing agent by providing the following information:

You must provide forecasts for the first three years of trading for the following:

- (a) profit and loss account;
- (b) balance sheet;
- (c) cash flow; and
- (d) capital resources requirement calculation.

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4 Personnel

Why we ask the questions in this section

We must ensure the applicant firm has staff of adequate knowledge, skills and experience at all levels so that it satisfies and will continue to satisfy

Controlled functions

4.1 List the names of the persons for whom you are applying for approval to perform the following controlled functions. A person may perform more than one controlled function.

The applicant firm will not need to have all these controlled functions. You must see the notes to this form if you are unsure which ones you need.

You must use a separate sheet of paper if necessary.

If you have used separate sheets of paper, you must indicate how many below.

Number of additional sheets	
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Controlled function	Name of person(s)
CF1 Director (Depends on legal status)	
CF2 Non-executive director (Depends on legal status)	
CF3 Chief executive (Depends on legal status)	
CF4 Partner (including members in a limited liability partnership) (Depends on legal status)	
CF8 Apportionment & oversight	

4.2 Will any other controlled functions be performed for the applicant firm that are not listed in question 4.1?

No

Yes ▶ You must list these below and provide the name(s) of the person(s) who will perform these.

Controlled function	Name of person(s)

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Controlled function	Name of person(s)

- 4.3 You must fill in a 'Form A - Application to perform controlled functions under the approved persons regime' for each person who will be performing a controlled function that you have listed in questions 4.1 and 4.2. See: www.appropriate-regulator.gov.uk/pubs/other/ivreg_forma.pdf.

How many 'Form A - Applications to perform a controlled function under the approved persons regime' are being sent with this application?

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Compliance arrangements

Why we ask the questions in this section

We need to ensure the applicant firm has the appropriate compliance arrangements in place to satisfy its regulatory obligations.

Compliance procedures

- 5.1. You must confirm the applicant firm has in place a compliance procedures manual that relates specifically to the regulated business it is seeking permission for.**

- Yes
 The applicant firm's documented compliance procedures manual is not in place at the time of submitting this application, but will be in place before authorisation.

Compliance monitoring programme

- 5.2 You must confirm the applicant firm has in place a documented compliance monitoring programme that relates specifically to its compliance procedures.**

- Yes
 The applicant firm's documented compliance monitoring programme is not in place at the time of submitting this application, but will be in place before authorisation.

Financial crime

- 5.3 You must describe the steps the applicant firm has put in place to counter the risk that it might be used by others to further financial crime. This includes any offence involving: a) fraud or dishonesty; b) misconduct in, or misuse of information relating to financial markets; or c) handling the proceeds of crime (SYSC 3).**

As a minimum, you must include a summary of at least the following:

- the steps the applicant firm will take to prevent it from being used to further fraud;
- the steps the applicant firm will take to ensure its Money Laundering Reporting Officer (MLRO) knows his/her duties and is able to perform his/her role effectively, having regard to 'know your business' information;
- the anti-money laundering training the applicant firm will provide for its staff;
- the steps the applicant firm will take to assess its exposure to the risk of being used for money laundering and terrorist financing;
- 'know your customer' procedures;
- procedures for monitoring transactions and reporting details of suspicious transactions; and
- how the applicant firm will ensure it will comply with anti-terrorist financing requirements.

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Treating Customers Fairly

5.4 Principle 6 of the Principles for Business Handbook states that 'a firm must pay due regard to the interests of its customers and treat them fairly.' This includes Treating Customers Fairly (TCF). To help firms understand what treating customers fairly means in practice, *six outcomes* has been defined which they should deliver to retail consumers. Please briefly describe the steps the applicant firm has put in place to deliver the six consumer outcomes and demonstrate that it treats its customers fairly.

Please include the following:

- What treating customers fairly means to the applicant and its customers;
- How the fair treatment of customers has been incorporated into the applicant firm's values and business plan;
- What controls the applicant firm has put in place to ensure it treats its customers fairly;
- How the applicant firm develops the competence and knowledge of its staff.

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5.5 Can you please confirm that you have the procedures in place to comply with the management information requirements in respect of TCF?

Yes No

End of supplement