



**BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY**

**The Society of Lloyd's (FRN [202761])**

**WRITTEN NOTICE**

**APPLICATION FOR IMPOSITION OF NEW REQUIREMENTS PURSUANT TO SECTION 55M(5)  
OF THE FINANCIAL SERVICES AND MARKETS ACT 2000**

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**To: The Prudential Regulation Authority (PRA)**

**Date: 23 December 2019**

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The Society of Lloyd's, as the authorised person, hereby applies for the new requirements set out in the Schedule below to be imposed on the firm to take effect upon the dates set out in the Schedule.

**Signed**

A handwritten signature in blue ink, appearing to read 'Andrew', written over a horizontal dotted line.

**(Director)**

**Date**

**23 December 2019**

**For and on behalf of The Society of Lloyd's**



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

SCHEDULE

The Society of Lloyd's (FRN 202761)

**IMPOSITION OF NEW REQUIREMENTS PURSUANT TO SECTION 55M(5) OF THE  
FINANCIAL SERVICES AND MARKETS ACT 2000**

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**WRITTEN NOTICE**

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To: The Society of Lloyd's ("the firm")

Of: One Lime Street  
London  
EC3M 7HA

Firm Reference Number: 202761

Date: 23 December 2019

**TAKE NOTICE: The Prudential Regulation Authority of 20 Moorgate, London EC2R 6DA ("the PRA") has decided to take the following action.**

**ACTION**

1. Pursuant to a disclosure made by the firm to the PRA on 15 February 2019, in relation to the operation of an anonymous whistleblowing telephone service for UK and overseas staff of the Corporation of Lloyd's ("Staff"), the PRA has identified certain areas that required improvement. In particular, these areas concern compliance with certain of the PRA's rules and expectations in relation to whistleblowing. Following discussions between the PRA and the firm, you, Lloyd's, have made an application dated 23 December 2019 pursuant to section 55M(5)(a) of the Act. The PRA has decided to grant the application and imposes the following requirement on you, the firm:

**REQUIREMENT**

- 1.1. For each of the calendar years 2020, 2021 and 2022, the firm must submit a report to the PRA (the "Annual PRA Report") containing the following information and enclosing documents referred to therein:
  - 1.1.1. a description of all whistleblowing channels (the "Channels") available to Staff during the preceding year;
  - 1.1.2. a description of all training delivered to Staff during the preceding year relating to whistleblowing and to the use of the Channels, including an indication of (i) whether

- the training was mandatory, and (ii) how completion of the training is monitored/ensured;
- 1.1.3. a description of training delivered to Senior Management during the preceding year in relation to whistleblowing and to the use of the Channels;
  - 1.1.4. a description of all additional non-training initiatives undertaken by the firm to raise Staff awareness of the Channels during the preceding year;
  - 1.1.5. the number of whistleblowing reports received via each of the Channels during the preceding year;
  - 1.1.6. the results of any surveys of Staff or third party assurance reviews carried out during the preceding year to verify that the Channels remained in operation;
  - 1.1.7. a copy of all reports submitted or presented to the Audit Committee during the preceding year on the effectiveness of the firm's whistleblowing systems and controls for Staff (in accordance with paragraph 4.2 of SS39/15<sup>1</sup>);
  - 1.1.8. if not already included in the report(s) set out in 1.1.7, an explanation of the methodology used to generate such reports;
  - 1.1.9. an indication of the number of whistleblowing cases opened and/or investigated during the preceding year; and
  - 1.1.10. the Firm's whistleblowing plan ('WB Plan') for the following year. The WB Plan should contain the firm's proposals for: (i) attaining and maintaining compliance with Chapter 2 of the Whistleblowing Part of the PRA rulebook applicable to Solvency 2 firms (the "PRA's WB Rules"); (ii) promoting Staff awareness of the Channels; and (iii) testing the Channels, where possible, to assure they remain in operation.
- 1.2. The Society must provide the PRA with a copy of the material set out above in paragraph 1.1 by 5pm on 31 March of the calendar year following the year to which that material relates.
- 1.3. The Society must also attest by 5pm on 31 March of each of 2021, 2022 and 2023, that:
- 1.3.1. it has complied fully with the requirements of paragraph 1.1 and the material provided thereunder in relation to the preceding calendar year is accurate and complete;
  - 1.3.2. its systems and controls in the preceding calendar year complied with the PRA's WB Rules or in the event Lloyd's cannot attest such compliance, specifying all of the deficiencies that have been identified and explaining the steps Lloyd's will take to resolve them; and
  - 1.3.3. in the preceding calendar year, its Senior Management and Directors have completed the firm's whistleblowing training.
- 1.4. The attestation required under paragraph 1.3 above shall be provided in the form of a certificate set out in Annex A. The firm shall ensure that the certificate is signed by its

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<sup>1</sup> This expectation is set out in the PRA's Supervisory Statement SS39/15 'Whistleblowing in deposit-takers, PRA-designated investment firms and insurers' published in October 2015 and updated in July 2018.

Whistleblowers' Champion or, in the absence of the Whistleblowers' Champion, the Head of Compliance or an executive member of the Council of Lloyd's.

- 1.5. The PRA acknowledges that the material provided in compliance with paragraphs 1.1 and 1.3 may contain confidential information, relating to both the firm and the Staff.
- 1.6. These requirements take effect on 23 December 2019 and will remain in place until after the submission of the third annual report and attestation. The PRA will review this requirement after 12 months.

## DEFINITIONS

2. The definitions below are used in this notice.

"the Act" means the Financial Services and Markets Act 2000

"the Annual PRA Report" means the report required to be prepared under paragraph 1.1 of the present document

"Business day" has the meaning specified in the Glossary of the PRA's Handbook

"the Channels" means all whistleblowing channels available to Staff

"the Corporation of Lloyds" means the entity with responsibility for overseeing and supporting the Lloyd's market

"Director" means any executive or non-executive director

"the Helpline" means the Speaking Up helpline provided by the firm to Staff for reporting concerns

"the firm", "Lloyd's", "the Society" means The Society of Lloyd's headquartered at 1 Lime Street, London EC3M 7HA

"the notice" means this Written Notice, including Section 1 and Annex A

"the PRA" means the Prudential Regulation Authority

"the PRA WB rules" mean the rules contained in the Whistleblowing Part of the PRA rulebook applicable to Solvency 2 firms.

"Requirement" means the requirements referred to in paragraphs 1.1

"Senior Management" means every person who is a Senior Manager

"Senior Manager" means any individual holding a SMF position (as defined under PRA Rules) at the firm

"the Society of Lloyd's" means the society incorporated by Lloyd's Act 1871 by the name of Lloyd's

"Staff" means the Corporation of Lloyd's UK and overseas staff, including members of the Council of Lloyd's

“the Tribunal” means The Upper Tribunal, Tax and Chancery Chamber

“WB Plan” means the firm’s plan referred to in paragraph 1.1.10 of the present document

“Whistleblowers’ Champion” means the Senior Manager with the prescribed responsibility (n) for whistleblowing at the firm

### **DECISION-MAKER**

3. The decision to give this notice was made by Sam Woods, Deputy Governor for Prudential Regulation and Chief Executive Officer of the PRA, on behalf of the PRA. This application has been granted in consultation with the FCA.

**This arrangement will be published on the Financial Services register.**

**SECTION 1 OF THE WRITTEN NOTICE ISSUED BY THE PRUDENTIAL REGULATION  
AUTHORITY TO THE SOCIETY OF LLOYD'S (FRN 202761) ON 23 DECEMBER 2019**

**SUMMARY OF REASONS**

1. On the basis of the facts and matters described below, the PRA accepts the firm's application for a voluntary requirement on the basis that it appears to the PRA that the requirement is desirable to advance the PRA's general objective to promote the safety and soundness of PRA-authorized persons.
2. The PRA, through its consultation paper<sup>2</sup> and later policy statement<sup>3</sup>, set out the importance that the PRA places on whistleblowing and a firm having appropriate mechanisms in place for whistleblowers to come forward. A well-run financial institution will seek to foster a culture that welcomes discussion and challenge. Employees should feel comfortable having an open dialogue in the workplace and should have appropriately confidential channels available to them should they wish to raise concerns.
3. Following the publication of PS24/15, the PRA published supervisory statement SS39/15 on whistleblowing in deposit-takers, PRA-designated investment firms and insurers. This statement was updated in July 2018, and for the present purposes is intended to be read together with the rules contained in the Whistleblowing Part of the PRA rulebook applicable to Solvency II Firms. The statement sets out the expectations of the PRA in relation to firms' whistleblowing procedures, whistleblowing training for staff, and the allocation of responsibility for the oversight of whistleblowing policies to a Whistleblowers' Champion.
4. The PRA has some concerns around the firm's whistleblowing systems and controls following the firm's disclosure to the PRA on 15 February 2019 that the only anonymous whistleblowing channel provided for Corporation Staff (as opposed to people working in the Lloyd's market more generally) had not been operational since 1 October 2017. The firm had advance notice that this channel would cease to work but failed to put in place a suitable alternative anonymous channel until 25 February 2019 (i.e. some 16 months later). It is noted that other whistleblowing avenues were available for staff of the Corporation over this period.
5. The PRA has decided to take this action following the firm's application that the PRA imposes the requirement set out in the schedule above.
6. The PRA assesses firms not just against current risks, but also against those that could plausibly arise in the future. Where the PRA judges it necessary to intervene, it generally aims to do so at an early stage. In this matter, although the firm has taken steps to remediate the absence of an anonymous whistleblowing channel for its Staff, the PRA considers it necessary to require the firm to produce periodic information and to attest to information over that required by the PRA's WB Rules.

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<sup>2</sup> PRA CP6/15 Whistleblowing in deposit-takers, PRA designated investment firms and insurers.

<sup>3</sup> PS24/15 Whistleblowing in deposit-takers, PRA designated investment firms and insurers.

7. This requirement is intended to give greater information and assurance to the PRA as to how the firm's whistleblowing policies (including its Speaking Up Policy, updated to the Whistleblowing Policy in April 2019) are operating in practice. The PRA considers that the firm should provide periodic whistleblowing reporting to the PRA and provide Senior Management attestation of that reporting so as to ensure the firm's whistleblowing policies are operating effectively, thereby increasing the safety and soundness of the firm.
8. This additional requirement is limited in time, and is expected to come to an end once the firm has complied with the stipulations in respect of 2022.

#### **FACTS AND MATTERS RELIED UPON**

9. The Society of Lloyds is a firm authorised under Part 4A of FSMA. It provides services to and regulates the Lloyd's market, but it is distinct from the many different firms that operate in the Lloyd's market. This notice applies solely to the Society of Lloyd's, not the wider Lloyd's market.
10. The PRA's rules, policy statements and supervisory statements set out the PRA's requirements and expectations in respect of firms' provision of whistleblowing channels to their staff. The relevant rules are contained in Chapter 2 of the Whistleblowing Part of the PRA rulebook applicable to Solvency 2 firms. The relevant policy statement is PS24/15 and the relevant supervisory statement is SS39/15, both relating to '*Whistleblowing in in deposit-takers, PRA-designated investment firms and insurers*'.
11. Throughout the relevant period, the firm had a policy in place setting out Lloyd's arrangements in relation to whistleblowing, known as the Speaking Up Policy.
12. The Speaking Up Helpline (the 'Helpline') was part of that policy. It was an anonymous whistleblowing channel provided by the firm to allow Staff to raise "reportable concerns" at work. Whilst other whistleblowing channels remained open throughout the period in question, the Helpline was the only channel the firm provided to its Staff that allowed such disclosures to be made on an anonymous basis.
13. From November 2013 to 30 September 2017, the provider of the firm's Employee Assistance Programme was responsible for providing the Helpline service.
14. However, from 28 June 2017, the firm was aware that the Helpline was only available in the UK and not internationally. The UK Helpline ceased to be available on 30 September 2017.
15. A replacement contract was not signed with a new provider until 22 Feb 2019. On 15 February 2019, the firm notified the FCA/PRA that the Speaking Up Helpline had ceased to be operational from 1 October 2017. Had a member of Staff contacted the Speaking Up Helpline after 30 September 2017, the former provider would have received the call and would have directed the employee to contact the firm's Human Resources team.
16. Following the firm's February 2019 disclosure to the PRA, the FCA asked the firm for a copy of its annual whistleblowing report. The firm confirmed that it had not produced such a report.

**ANNEX A- ATTESTATION****Certificate of Attestation****[Firm's letter head]**

The Prudential Regulation Authority  
 20 Moorgate  
 London  
 EC2R 6DA

[Date]

Dear Sirs,

Pursuant to the Written Notice dated 23 December 2019] (the "Written Notice"), I, in my capacity as the [Whistleblowers' Champion] of The Society of Lloyd's (the "firm") am writing to make an attestation in respect of the Annual PRA Report (the "Report") for the calendar year [2020; 2021; 2022, required under that Written Notice.

I hereby attest that:

1. the Report provided by the firm complies fully with the requirements of paragraph 1.1 of the Written Notice, and the material contained in the Report is accurate and complete;
2. the firm's systems and controls in the calendar year [2020; 2021; 2022] have complied with the PRA's rules in relation to whistleblowing [except in respect of the following deficiency/ies: [X]. [In respect of X, the firm has undertaken/is undertaking the following remedial action: ]; and
3. in the calendar year [2020; 2021; 2022], the firm's Senior Management and Directors have completed the firm's whistleblowing training.

I am satisfied that I have conducted all reasonable due diligence to provide the above assurances.

Yours faithfully,

[     ]

[Whistleblowers' Champion [or Group Head of Compliance/Executive Director of the Council of Lloyd's]]

For and on behalf of The Society of Lloyd's