

# LLOYD'S MARKET ASSOCIATION



## REGULATORY COMMITTEE

### TERMS OF REFERENCE

These model terms of reference are to be used for all panels, committees and working groups of the LMA (referred to below as “committees”) modified as appropriate.

All committee members should familiarise themselves with the [LMA's Competition Compliance Guidelines](#).

In accepting membership of any committee, the individual/organisation agrees to be bound by the Terms of Reference of that committee and to comply with the Competition Compliance Guidelines.<sup>1</sup>

#### 1 DEFINITIONS

*“LMA” means the Lloyd’s Market Association;*

*“RegCom” means the LMA Regulatory Committee;*

#### 2 CONTEXT/BACKGROUND

2.1 The LMA is the representative body for underwriting businesses at Lloyd’s. It is a company limited by guarantee, owned by its members (managing and members’ agents).

2.2 The LMA’s mission is:

*“To provide a single voice for the Lloyd’s underwriting market and a range of quality services that improve members’ profitability”.*

2.3 The LMA Board, consisting of market leaders the majority of whom are directly elected by the members, sets the overall strategy, direction and priorities of the LMA. It delegates delivery to policy committees which in turn rely on a variety of specialist committees, both permanent and ad hoc. The LMA depends on several hundred volunteers on all these committees to ensure that the views it expresses are representative of the market and the services it provides are in tune with members’ needs.

2.4 RegCom is one of the seven policy committees of the LMA and reports to the LMA Board. The LMA committee structure can be found on the [LMA website](#).

2.5 RegCom was established in the 1990s to take a lead in considering regulatory and compliance issues and the impact these have, or may have, on LMA members and the Lloyd’s market.

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<sup>1</sup> The LMA will provide paper copies of its Competition Compliance Guidelines and committees’ terms of reference on request.

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## 3 ROLE OF REGCOM

### 3.1 RegCom has the following roles:

- 3.1.1 to promote efficient operation and the highest technical standards in the regulatory and compliance area;
- 3.1.2 to represent the interests of practitioners in this area with Lloyd's, and regulatory authorities and organisations in the UK and overseas;
- 3.1.3 to respond to requests from practitioners in this area, the LMA executive, policy committees and other committees for advice and recommendations on issues and, where necessary, raising such issues with other organisations or individuals;
- 3.1.4 in relation to any LMA model agreement for which RegCom takes responsibility, to consult with practitioners in the relevant sectors, both representatives of LMA members and, as appropriate, external persons or organisations, and following this to publish such model agreement on the LMA website and, if a policy wording, in the market wordings repository, in order to promote the highest level of market efficiency and standards for the benefit of LMA members, practitioners, policyholders and their representatives and other counterparties of LMA members;
- 3.1.5 to promote good communications between RegCom and the LMA and its other committees, Lloyd's, the UK and overseas regulatory authorities, the Compliance Officers' Group and other interested parties.
- 3.1.6 In particular, RegCom will:
  - consider issues arising out of existing or proposed regulations or requirements of Lloyd's, and the UK and overseas regulators;
  - involve itself actively in liaison with Lloyd's and the UK and overseas regulatory authorities on policy matters and the development and implementation of regulations which affect managing and members' agents;
  - provide practitioner feedback to Lloyd's, regulators, and other interested organisations;
  - work actively towards the goal of ensuring that regulation of the Lloyd's market is pragmatic and cost effective and that duplication between regulators is minimised;
  - work with the Compliance Officers' Group to identify issues affecting LMA members; and
  - communicate relevant information to LMA members through presentations, newsletters, training events and other media.

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## 3.2 Regcom will fulfil this role by:

- 3.2.1 being constituted so as to be representative of the interests of those involved in the regulatory and compliance area;
- 3.2.2 meeting on a regular basis with planned agendas and minutes of proceedings;
- 3.2.3 publishing a summary of its work from time to time on the LMA's website by way of summary minutes of its meetings; and
- 3.2.4 providing an interface with relevant parties and formulating views on regulatory developments.

## 4 OFFICERS

### 4.1 Chairman

#### 4.1.1 Duties

- (a) The Chairman will oversee the efficient and effective operation of RegCom in accordance with these Terms of Reference.
- (b) The Chairman will, in fulfilling his duties as Chairman, use his or her best endeavours to act independently with due regard for the interests of all managing and members' agents, and in accordance with any legal or regulatory requirements.
- (c) In particular, the Chairman (with the assistance of the Secretary) shall ensure that RegCom conducts its business in accordance with the requirements of UK and EU competition law.
- (d) In the event that RegCom fails to reach a decision on any matter under discussion, where a decision is required, the Chairman shall escalate the matter to the LMA Board via the LMA executive.

#### 4.1.2 Appointment

- (a) The Chairman shall normally be the person responsible for the compliance function of an LMA member and shall be appointed by the LMA Board following consultation between the current RegCom and LMA executive.
- (b) Relevant experience/criteria
  - Broad experience of the sector
  - Recognised authority among practitioners in the regulatory and compliance area
  - Ability to represent practitioners' interests to external bodies
  - Reputation for fairness and integrity

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- Technical knowledge.

## 4.1.3 Termination

- (a) The Chairman will retire every 2 years, normally at 31 December, but will be eligible for re-nomination.
- (b) By notice served by the Chief Executive of the LMA, the Chairman may be removed from office if he/she (i) ceases to fulfil the requirements of membership of RegCom, (ii) becomes incapable of performing the functions of the office as outlined in these Terms of Reference whether by illness, infirmity, incompetence or (iii) is found by a properly constituted tribunal or supervisory authority to have breached any law or regulation applicable in the Lloyd's market or to LMA members.
- (c) At a meeting, a majority of two thirds or more of the Members of RegCom may decide to remove and replace the Chairman during the course of his/her term of office if there are serious concerns as to how he/she is discharging his/her role under these Terms of Reference. The Chairman will cease to act with immediate effect.
- (d) In the case of (b) or (c), the Deputy Chairman will act as the new Chairman until a replacement has been appointed in accordance with 4.1.2.
- (e) The Chairman can appeal against his/her removal in accordance with section 7.

## 4.2 Deputy Chairman

### 4.2.1 Duties

The Deputy Chairman shall perform the functions of the Chairman in the event of the Chairman's absence, incapacity or on an interim basis in the event of the Chairman's removal.

### 4.2.2 Appointment

- (a) The Deputy Chairman shall normally be the person responsible for the compliance function of an LMA member and shall be appointed by the LMA Board following consultation between the current RegCom and LMA executive.
- (b) Relevant experience/criteria
  - Broad experience of the sector
  - Recognised authority among practitioners in the regulatory and compliance area
  - Ability to represent practitioners' interests to external bodies

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- Reputation for fairness and integrity
- Technical knowledge.

## 4.2.3 Termination

- (a) The Deputy Chairman will retire every 2 years, normally at 31 December, but will be eligible for re-nomination.
- (b) By notice served by the Chief Executive of the LMA, the Deputy Chairman may be removed from office if he/she (i) ceases to fulfil the requirements of membership of RegCom, (ii) becomes incapable of performing the functions of the office as outlined in these Terms of Reference whether by illness, infirmity, incompetence or (iii) is found by a properly constituted tribunal or supervisory authority to have breached any law or regulation applicable in the Lloyd's market or to LMA members.
- (c) At a meeting a majority of two thirds or more of the Members of RegCom may decide to remove and replace the Deputy Chairman during the course of his/her term of office if there are serious concerns as to how he/she is discharging his/her role under these Terms of Reference. The Deputy Chairman will cease to act with immediate effect.
- (d) In the case of (b) or (c), a replacement will be appointed in accordance with 4.2.2.
- (e) The Deputy Chairman can appeal his/her removal in accordance with section 7.

## 4.3 Secretary

### 4.3.1 Duties

The Secretary and LMA executive will be responsible for the efficient administration of RegCom, including the convening of meetings, preparation and circulation of agendas and minutes, reporting, timely follow-up of agreed actions and management of agreed projects; and shall monitor compliance by RegCom with the [LMA's Competition Compliance Guidelines](#), bringing any potential breaches to the attention of the Chairman and Chief Executive of the LMA.

### 4.3.2 Appointment

The Secretary shall be a member of staff of the LMA.

## 5 MEMBERSHIP OF REGCOM

5.1 RegCom shall be comprised of 12 to 15 members.

5.2 Members of RegCom shall be employees of member firms.

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5.3 Normally, there shall be only one RegCom member from any one managing or members' agency.

## 5.4 Current membership

5.4.1 The members of RegCom are listed on the [LMA website](#).

## 5.5 Membership criteria

5.5.1 The criteria for selection shall be as follows:

- Broad experience in regulatory and compliance matters
- Recognised authority among practitioners in this area
- Ability to represent practitioners' interests to external bodies
- Reputation for fairness and integrity
- Technical knowledge
- Track record of participating in the Compliance Officers Group or other working or project group set up by the LMA
- Where their agreement to serve will add balance and strength to RegCom as an LMA committee.

## 5.6 Admission Procedures

5.6.1 RegCom will be constituted by the selection of individuals from LMA member firms by the LMA.

5.6.2 Each year, one third of the members of RegCom shall retire, being the longest serving, but will be eligible for re-selection.

5.6.3 In October or November each year, the LMA will decide in consultation with RegCom how many vacancies will exist in the following year.

5.6.4 Vacant positions shall be filled through consensus of RegCom and agreement of the LMA executive by the LMA executive extending an invitation to a selected candidate who meets the criteria set out in 5.5.1 above.

5.6.5 RegCom may invite individuals to join the membership or specified meetings by consensus and through an invitation from the LMA executive. Candidates will be selected on the basis of the criteria set out in Paragraph 5.5.1 above.

5.6.6 Such co-opted members will be able to exercise voting rights equivalent to those of other members during the period of their co-option.

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5.6.7 Each year, co-opted members shall retire, but will be eligible to re-join in accordance with 5.6.5 above.

## 5.7 Resignation and removal

5.7.1 RegCom through the LMA executive may, at its discretion, terminate the membership of any member who:

- (a) is absent for three successive regular meetings of the committee; or
- (b) has attended less than seventy percent of the regular meetings over a calendar year (or, for new members, since joining RegCom); or
- (c) has been asked to withdraw from a meeting under Paragraph 6.8 below where in the opinion of the Chairman, Deputy Chairman and Secretary the member has not complied with these Terms of Reference; or
- (d) ceases to be employed by his or her firm.

5.7.2 In the case of (d), a terminated member who joins a different LMA member firm may put himself or herself forward for re-selection.

5.7.3 Members wishing to resign from RegCom must do so formally in writing (for which purpose email will be acceptable) to the Secretary.

5.7.4 RegCom, under direction of its Chairman assisted by the Secretary, will review its membership and composition once every year to ensure it is representative of the regulatory and compliance area.

## 6 MEETINGS AND ADMINISTRATION

6.1 The Chairman, or in his absence the Deputy Chairman, shall preside at meetings. In the absence of the Chairman and the Deputy Chairman, a chairman elected by a simple majority of those members present at the meeting shall preside.

6.2 In the conduct of all its meetings RegCom shall comply with all applicable competition and other relevant laws.

6.3 The Secretary will ensure that an agenda for each meeting is circulated ahead of each meeting.

6.4 A copy of the draft minutes of every meeting of RegCom shall be sent as soon as reasonably practicable to every member of the committee. The minutes remain in draft until adopted at a quorate meeting of RegCom.

6.5 The quorum for a meeting of RegCom shall be six of its members. The Secretary may make and circulate notes of meetings of members of RegCom which are inquorate but such a meeting shall not constitute a formal meeting of the committee, except for the purpose of asking the LMA executive to terminate the

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existence of the committee where it has been inquorate for three or more meetings called by the Secretary in a period of three months.

- 6.6 The Secretary shall publish a summary of the minutes of RegCom from time to time on the members' section of the LMA website in accordance with section 3.2 above.
- 6.7 Where it is deemed necessary RegCom may set up a sub-group to deal with specific projects and invite a limited number of members and co-opted experts to participate (a "Sub-Group"). The Sub-Group shall report back to RegCom with any recommendations, which will be considered by RegCom.
- 6.8 Any member or co-opted expert wishing to withdraw from a meeting of RegCom need only inform the Secretary in writing. Members and co-opted experts may also be requested to withdraw by the Chairman or the Secretary in writing in the case of concerns about non-compliance with these Terms of Reference.
- 6.9 Venue, material, equipment and secretarial facilities will be arranged and provided by the LMA.

## 7 APPEALS

- 7.1 Where an applicant to RegCom has been refused membership of it, he or she can appeal in writing against such decision in accordance with the procedures set out in this section.
- 7.2 A person whose membership of RegCom has been terminated may appeal in writing to the Chairman in accordance with these Terms of Reference.
- 7.3 The first step for applicants who have been refused membership of RegCom or whose membership has been terminated will be to approach the Chairman of RegCom setting out the arguments for membership; the Chairman will then reconsider the matter having due regard to the Chairman's Responsibilities set out in the Terms of Reference. The Chairman shall respond in writing within ten business days setting out the reasons for his or her decision.
- 7.4 If an applicant to, or former (terminated) member of, RegCom is still not satisfied with the outcome of the Chairman's decision he/she may appeal to the LMA Chairman, the LMA Deputy Chairman and the LMA Chief Executive, who shall jointly decide on the matter and respond in writing within fifteen business days.
- 7.5 A Chairman or Deputy Chairman who has been removed from office can appeal his/her removal to the LMA Chairman, the LMA Deputy Chairman and the LMA Chief Executive, who shall jointly decide the matter and respond in writing within fifteen business days.

## 8 PROFESSIONAL FEES

- 8.1 Where RegCom wishes to seek professional advice in the course of its work, the nature and estimated cost of such work must be discussed with and agreed by the LMA Executive prior to instructing. The LMA will require the RegCom minutes to approve any expenditure.



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## 9 REVIEW OF TERMS OF REFERENCE

- 9.1 Not less than two years after the date on which these Terms of Reference come into effect, the LMA in consultation with RegCom and practitioners in the regulatory and compliance area shall undertake a review of the workability and practicability of these terms and, in the light of the outcome of such review, make proposals for changes to these terms as appropriate. Amended Terms of Reference shall be published on the LMA website shortly after the review.