

Chapter 8

General provisions applying INSPRU and GENPRU to Lloyd's

8.4 Capacity Transfer Market

Application

8.4.1 **R** This section applies to the *Society*.

Purpose

8.4.2 **G** The *rules* and *guidance* in this section are intended to promote confidence in the market at Lloyd's, and to protect certain *consumers* of services provided by the *Society* in carrying on, or in connection with or for the purposes of, its *regulated activities*. They do this by ensuring that the *Society* appropriately and effectively regulates the *capacity transfer market* so that it operates in a fair and transparent manner.

Requirement to make byelaws governing conduct in the capacity transfer market

8.4.3 **R** The *Society* must make appropriate *byelaws* governing conduct in the *capacity transfer market*.

8.4.4 **G** The *byelaws* referred to in **■** INSURU 8.4.3 R should:

- (1) ensure that adequate and effective arrangements are in place to enable *members* and *persons* applying to be admitted as *members* to enter into transactions to transfer *syndicate* capacity and settle these transactions in a timely manner;
- (2) give clear and comprehensive guidance about the dissemination of information that is, or may be, relevant to the price of *syndicate* capacity and the transparency of the *capacity transfer market*; and
- (3) prohibit unfair and abusive practices (including market manipulation), the misuse of information not generally available, and the dissemination of false or misleading information.

8.4.5 **G** The *Society* should have adequate and effective arrangements to:

- (1) record and monitor transactions in the *capacity transfer market*, and maintain adequate audit trails; and
- (2) suspend or annul transactions where appropriate.

- 8.4.6** **G** The *Society* should regularly review the *byelaws* referred to in **■ INSPRU 8.4.3 R**, taking account of the standards of conduct required in other *UK* financial markets.
- 8.4.7** **G** The *Society* should consult *members* and *underwriting agents* before it finalises material changes in the *byelaws* referred to in **■ INSPRU 8.4.3 R**, and should have timely and effective arrangements for notifying them of changes in these *byelaws*.
- 8.4.8** **R**
- (1) The *Society* must give the *FCA* a report as at the end of each calendar quarter in which any capacity is transferred.
 - (2) The report referred to in (1) must reach the *FCA* within one month of the end of the relevant calendar quarter and must include information on:
 - (a) the total capacity in *syndicates* transferred during the quarter, analysed by *syndicate* and method of transfer;
 - (b) the number, and nature, of all investigations by the *Society* into conduct in the *capacity transfer market* undertaken or continued during the quarter; and
 - (c) the number, and nature, of all complaints received during the quarter about the operation of the *capacity transfer market*.