



# Benchmark Transparency Statement

For the attention of clients of Lloyds Bank plc and/or Bank of Scotland plc (“Lloyds Bank”)

This Benchmark Transparency Statement (this “Statement”) is designed to provide you with general information about the relationship between Lloyds Bank and the process by which certain Benchmarks are determined. In addition, this Statement explains the relationship between Lloyds Bank and the Administrators of certain Benchmarks as it relates to your dealings with us. However nothing in this statement is intended as a warranty or representation as to the suitability or appropriateness of any Benchmark for any particular purpose.

Terms contained in this Statement are defined in section 6 below.

## 1. Introduction:

As a result of your entering into a transaction with Lloyds Bank, payments, settlements or deliveries due to or from you as a result of any loan agreement, lending facility, deposit, or transaction in an Investment (and the valuation of any such loan or lending facility, deposit or Investment) may be determined by reference to the level of a Benchmark.

In relation to Benchmarks, Lloyds Bank may act in any one or more of the following capacities: (i) Administrator, (ii) Submitter; or (iii) User.

## 2. Benchmark Administrator:

The Administrator of a Benchmark is required to have appropriate governance arrangements in place to protect the integrity of the Benchmark, address conflicts of interests and is primarily responsible for all aspects of the Benchmark determination process. For example, this includes:

- (a) Development: The definition of the Benchmark and Benchmark Methodology;
- (b) Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark;
- (c) Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and
- (d) Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark.

Bank of Scotland plc, which is a member of Lloyds Bank Group plc, is the Administrator for **Halifax House Price Index (“HHPI”)**. Lloyds Bank is the sole Submitter to HHPI and additionally may act as a User of HHPI. Consequently, in relation to HHPI, Lloyds Bank may act in any one more capacities; as an Administrator, or Submitter and /or User. For further information relation to Submitters and Users, please see sections 3 & 4 and for further technical details and information see:

<http://www.lloydsbankinggroup.com/Media/economic-insight/halifax-house-price-index/halifax-hpi-technical-details/>

Where Lloyds Bank, or any member of Lloyds Banking Group, is the Administrator of a Benchmark in respect of any Benchmark that determines the value of a transaction between you and Lloyds Bank we will inform you of this prior to your entering into a product, service or transaction with us.

## 3. Benchmark Submitter:

An Administrator of a Benchmark may determine the Benchmark by reference to Submissions received from market participants acting in the role of a Submitter. These Submissions may involve the application of expert judgment and not be limited to purely factual or transaction data. Lloyds Bank is a Submitter to the following Benchmarks:

Benchmark	Benchmark Administrator
LIBOR (London Interbank Offered Rate)	ICE Benchmark Administration Limited (IBA)
Halifax House Price Index (HHPI)	Bank of Scotland plc, a member of Lloyds Banking Group plc

In the case of the above Benchmarks, Lloyds Bank is subject to the Benchmark Administrator's code of conduct for Submitters.

Lloyds Bank is the only Submitter to **HPPI** and will not use expert judgement when making submissions to this Benchmark.

For the **GEMMA (Gilt-Edged Market Makers Association) Reference Prices** published by the Debt Management Office (DMO), Lloyds Bank makes submissions that contribute to the published reference rates and applies similar governance and procedures to these submissions as for its submissions to the LIBOR Benchmark(s).

There are other Benchmarks to which Lloyds Bank is not a Submitter but where the Administrator of the Benchmark may make its determinations taking into account exchange traded or over-the-counter transactions in which Lloyds Bank has entered into or prices quoted or published or unfilled orders by Lloyds Bank on a Regulated Market or Exchange. Benchmarks in this category include:

- **ICE Swap Rate**, formerly known as ISDAFIX, is a Benchmark for annual swap rates for interest rate swap transactions which is administered by ICE Benchmark Administration (IBA). Lloyds Bank may indirectly contribute to the ICE Swap Rate Benchmark by virtue of transactions entered into or by submitting bids and offers to various trading platforms. Further information can be found at the IBA website (<https://www.theice.com/iba/ice-swap-rate>).
- **FX Benchmarks** such as those published by WM Reuters, Bloomberg, European Central Bank, Bank of England, Bank of Canada.
- **FFER**, the Fed Funds Effective Rate, calculated by New York Federal Reserve Bank. Further details about FFER can be found on the New York Federal Reserve Bank website ([www.newyorkfed.org](http://www.newyorkfed.org)).
- **SONIA / RONIA** the Sterling Overnight Interbank Average Rate and Repurchase Overnight Index Average Rate respectively, calculated by the Wholesale Markets Brokers Association (WMBA). The SONIA and RONIA Benchmarks are derived from transactions brokered in London through WMBA members only, and as such these form a subset of the total pool of the Sterling overnight cash transactions (unsecured and secured respectively) for any given period. Further details on the SONIA and RONIA Benchmark methodologies can be found on the WMBA website ([www.wmba.org.uk](http://www.wmba.org.uk)).

Lloyds Bank has internal controls and procedures in place in order that;

- potential conflicts of interest when making Submissions to an Administrator are identified, assessed and managed; and
- any transactions that may be used in the determination of a Benchmark where Lloyds Bank is not a Submitter are not entered in an attempt to influence the determination of that Benchmark.

#### 4. Benchmark User:

Products or transactions offered to you by Lloyds Bank may reference a Benchmark for which Lloyds Bank is neither an Administrator nor a Submitter. In such circumstances, Lloyds Bank is only a User of the Benchmark that is administered externally and makes no representation or warranty with respect to the Administrators' determination of such Benchmarks. In addition, Lloyds Bank may also use Benchmarks which are a combination of existing Benchmarks.

When acting as a User, Lloyds Bank may reference Benchmarks for internal purposes or use Benchmarks to reference products, services or transactions which we provide or carry out with you which, may be used for the purpose of determining payments, settlements or deliveries due to or from you as a result of any loan agreement, lending facility, deposit, or transaction in an Investment and the valuation of any such loan or lending facility, deposit or Investment.

## 5. Monitoring and Review:

Lloyds Bank will monitor and assess the effectiveness of the controls and procedures at least annually or whenever a material change occurs that affects our relationship to the Benchmarks-setting process. Where a member of Lloyds Banking Group is an Administrator any further update to the design, determination, operation or governance process will be made publicly available on the relevant external web page.

## 6. Definitions:

“**Administrator**” means an organisation or legal person that controls the creation and operation of the Benchmark administration process, whether or not it owns the intellectual property relating to the Benchmark. In particular, it has responsibility for all stages of the Benchmark administration process, including:

- The calculation of the Benchmark;
- Determining and applying the Benchmark methodology; and
- Disseminating the Benchmark.

“**Benchmark(s)**” are defined as:

An index, rate or price that:

- a) is determined from time to time by reference to the state of the market
- b) is made available to the public (whether free of charge or on payment), and
- c) is used for reference for purposes that include one or more of the following [to apply to, in totality, all cash, investment or off balance sheet instruments;]
  - I. determining the interest payable, or other sums due, under loan agreements or under other contracts relating to investments
  - II. determining the price at which investments may be bought or sold or the value of investments
  - III. measuring the performance of investments

“**Benchmark Methodology**” means the written rules and procedures according to which information is collected and the Benchmark is determined.

“**FCA**” means the Financial Conduct Authority.

“**Investment(s)**” means any asset, right or interest offered or provided by Lloyds Bank in performance of a regulated activity in accordance with section 22 of the Financial Services and Markets Act 2000 (Regulated Activities) and of the activities specified in [Part II \(Specified Activities\) of the Financial Services and Markets Act 2000 \(Regulated Activities\) Order 2001](#) and any subordinate legislation made under it and any modifications, amendments, extensions, consolidations, re-enactments and/or replacements of that statute, statutory provision and/or subordinate legislation which are in force from time to time.

“**Lloyds Bank**” means Lloyds Bank plc and/or Bank of Scotland plc.

“**Lloyds Banking Group**” includes all subsidiaries or associates.

“**Regulated Market or Exchange**” means a market or exchange that is regulated and/or supervised by a governmental or statutory regulatory authority.

“**Submission(s)**” means prices, estimates, values, rates or other information that is provided by a Submitter to an Administrator for the purposes of determining a Benchmark. This excludes data sourced from Regulated Markets or Exchanges with mandatory post-trade transparency requirements.

“**Submitter**” means a legal person providing information to an Administrator, or their agent, required in connection with the determination of a Benchmark.

“**User**” refers to a legal person or entity that uses a Benchmark in one of the following manners:

- I. as a reference for a financial transaction or contract that the legal person or entity sells or places, or for Investments that it structures; or
- II. as a reference for a financial transaction or contract to be entered into by the legal person’s or entity’s clients, or by itself on behalf of its clients, in the context of its individual or collective portfolio management activities.