

Members' Summary Funding Statement

This Summary Funding Statement has been prepared by the Trustee of the London Stock Exchange Group Pension Scheme (the “Trustee” of the “Scheme”) to update members on the financial position of the LCH Section (the “Section”).

Why have you sent me this Summary Funding Statement?

The Trustee is responsible for looking after the Scheme on behalf of its members. We are sending you this statement to let you know about the Section's financial security. The financial security of the Section might affect the benefits you will receive, so we recommend you take some time to read through this statement. We will send you a similar statement in future years to keep you up to date.

How is the Section's financial security measured?

The LCH and LSE Sections both have their own assets and the financial performance of each Section is reviewed separately.

The estimated cost of providing the benefits that you and other members have earned to date is known as the Section's “liabilities”. This includes the benefits of members who have left the Company¹ or retired.

The Scheme is closed to future benefit accrual. However, the Company continues to pay contributions when required.

The contributions we collect from the Company are invested in a communal fund for the Section, not in separate funds for each individual. **The amount of money we have invested is known as the Section's “assets”.**

To check the Section's financial security, we look at its financial position and compare the value of its liabilities to the value of its assets. **If the value of the Section's assets is lower than the value of its liabilities, there is said to be a “shortfall”.** Conversely, **if the value of its assets is higher than the value of its liabilities, there is said to be a “surplus”.**

We carry out an in-depth look at the Section's finances at least every three years, this is referred to as an “**actuarial valuation**”. An independent and qualified professional, known as an Actuary, carries out the actuarial valuation and provides a written report summarising their conclusions. In the interim years between actuarial valuations, the Actuary also undertakes a less formal check on the financial security of the Section.

What is the Section's financial position?

The latest formal actuarial valuation was completed as at 31 December 2023. The results of this valuation and the previous actuarial report as at 31 December 2022 are shown in the table below:

Actuarial valuation / actuarial report as at:	31 Dec 2022	31 Dec 2023
The value of the Section's liabilities was:	£157.7m	£174.0m
The value of the Section's assets was:	£181.0m	£176.2m
This means that there was a surplus of:	£23.3m	£2.2m

How has the Section's financial position changed since you last received a Summary Funding Statement?

When you last received a Summary Funding Statement in October 2023, the Section was estimated to have a surplus of £23.3 million as at 31 December 2022. However, we also noted that in May 2023 a full Scheme bulk annuity policy was secured with Standard Life, a well-known and regulated UK life insurance company. This policy covers all members of the Scheme who have not previously been insured.

¹ In this document, “Company” refers collectively to LCH Limited (the Section's Main Employer) and London Stock Exchange plc (the Section's Principal Employer).

This is a positive development for members and does not affect your pension entitlement or the service that you currently receive from the Section administrators: Isio. The Trustee retains full responsibility for ensuring that all member benefits are paid. Insuring all members' benefits reduces the Scheme's overall exposure to financial risks as well as other risks, notably increases in life expectancy.

The majority of the Section's invested assets were sold in May 2023 to purchase the buy-in policy which is now held as an asset of the Section. The Trustee is now finalising the details of the buy-in policy with its advisers and Standard Life, including completing a reconciliation to ensure that the insured benefits exactly match member's benefit entitlements. When this reconciliation has been completed a final balancing premium will be paid to Standard Life to complete the buy-in.

As shown in the table on page 1, following the purchase of the buy-in policy the surplus in the Section had reduced to £2.2m as at 31 December 2023.

How do you know what contributions should be paid into the Section?

Following each actuarial valuation, the Actuary advises us what contributions should be paid into the Section in order to remove any shortfall. We then agree a level of contributions for the Section with the Company and record this in a document called the Schedule of Contributions.

We review and update the Schedule of Contributions at least each time the Section has an actuarial valuation (i.e. at least every three years). The valuation and Schedule of Contributions follow standards we have set out in a Statement of Funding Principles. This document describes how we will manage the funding of the Section with the aim of being able to pay all members' benefits.

As mentioned on page 1, the 31 December 2023 actuarial valuation revealed that the Section had a surplus of £2.2 million. As a result, the Trustee and Company agreed that no further shortfall funding contributions were required at the current time. However, the Company continues to pay contributions to reimburse the Section for administration expenses and other costs.

Can I transfer my benefits out of the Section before I am due to retire?

Yes, this is usually possible. If you would like to consider transferring your benefits, then please contact the Scheme's administrator.

If you are thinking of transferring your benefits from the Section for any reason, you should consult a professional adviser, such as an independent financial adviser, before considering any further action. The law prevents us from providing you with financial advice.

Additional Information on transferring your benefits out of the Scheme

For further information on the impact of transferring your benefits out of the Scheme, you can visit the FCA's website on consumer information on 'DB transfers'.

Please visit www.fca.org.uk/consumers/pension-transfer-defined-benefit.

You can also visit www.moneyhelper.org.uk which is a government service that offers free, impartial guidance about your pension options.

We are required to provide you with the following information relating to the Section's estimated "solvency position" at the valuation date and the Pension Protection Fund. However, you should note that much of this information is no longer relevant following the purchase of the buy-in policy with Standard Life (that is, the Section is now broadly fully funded on a solvency measure). The buy-in policy also means that it is highly unlikely that the PPF will be of relevance to your benefits in the Section.

Is my pension guaranteed?

The Trustee and the Company work together with a common goal of there being enough money in the Section to pay pensions now and in the future. This requires that the Company carries on in business and continues to pay money into the Section at the required time. In the unlikely event that the Company goes out of business whilst solvent or decides to stop paying for the Section, it has the responsibility to pay the Section enough money to secure all the benefits built up by members from an insurance company. This is known as the Section being "wound-up".

Legislation requires the Trustee to let you know of the position if the Section were to be "wound-up". The comparison of the Section's assets to the cost of buying the benefits from an insurance company is known as the "solvency position".

Is there enough money in the Section to provide my full benefits if the Section was wound-up?

As noted earlier in this Summary Funding Statement, the actuarial valuation at 31 December 2023 showed a £2.2 million surplus following the purchase of the full buy-in policy with Standard Life. If required, this surplus is available to help meet the future buy-in balancing premium.

What happens if the Section is wound-up and there is not enough money to pay for all my benefits?

If the Section is wound up, the Company will have to make good the expected shortfall. As a further protection, the Government has set up a "safety net" in the form of the Pension Protection Fund ("PPF") to pay a minimum level of benefits to members if the Section is wound-up and the Section and the Company do not have enough money to cover the cost of buying this minimum level of benefits with an insurer.

If the Section were to be wound up and go into the PPF, the pension you would receive from the PPF may be less than the full benefit you have earned in the Section. Further information and guidance is available on the PPF website at www.ppf.co.uk.

Additional Information

We are required to tell you whether the Pensions Regulator has used its legal powers to make directions as to any of the method and assumptions used to calculate the liabilities, the length and structure of the recovery plan or the contributions that should be paid under the recovery plan. The Regulator has not used its powers in relation to the Section and therefore the Section is not subject to any directions.

There is also a legal requirement for us to tell you if any payments have been made to the Company out of Scheme funds. We can confirm there have been no such payments to the Company out of Scheme funds since the last statement was issued.

Where can I get more information?

A list of documents that provide further information is shown below. Members can be provided with copies of these documents on request or some of these can be found on the Scheme-specific website, together with other Scheme documents and educational content at: **www.lseg.yourisio.com**.

Statement of Funding Principles

This explains how we (the Trustee) plan to make sure enough money is paid into the Section to provide the benefits that members have built up.

Schedule of Contributions

This shows how much money is being paid into the Section by the Company and includes a certificate from the Actuary showing that it is sufficient.

Annual Report and Accounts of the London Stock Exchange Group Pension Scheme

This shows the Scheme's income and expenditure to 31 December 2023.

Actuarial Valuation as at 31 December 2023

This shows the details of the Actuary's formal assessment of the Section's funding position as at 31 December 2023.

If you have any other questions, or would like any more information, please contact the Section Administrator. Contact details for Isio and details of how to access more information on your benefits online are shown on page 6 of the accompanying newsletter.

The Trustee of the London Stock Exchange Group Pension Scheme

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