



16 July 2014

Mr Mark Carney
Governor
Bank of England
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Dear Governor,

SLS fees

I wanted to respond immediately to your letter of 15 July about the FCA enforcement action against us in relation to the manipulation of LIBOR and submissions to the BBA Repo rate during the period from January to June 2009.

We are still in the process of settlement discussions with the FCA (and indeed, on LIBOR issues, with the CFTC and DOJ too). In the course of this we are considering the implications for the individuals involved.

I absolutely share your concern about the nature of the SLS conduct, and in particular its implications for reducing fees. This was truly shocking conduct, undertaken when the Bank was on a lifeline of public support.

We are of course duty bound to make good to the authorities the loss they have suffered, not only on our own fees, but on those of others. I can confirm on behalf of my Board that we will arrange to forward the sum you mention as soon as convenient.

In the meantime, our lawyers will meet shortly to organise the formalities.

Yours Sincerely,
Lord Blackwell