

Policy – Interest on Client Bank Account Relating to SPPs

Background

It is recognised that monies held in the designated SPP account are typically meant to be there pending an event or transaction (e.g. benefits to be taken, further investment to be made), and thus the money held should be of a short term nature.

It is for this reason the designated SPP accounts are instant access accounts, to satisfy the requirements of our members. In the same manner, funds that are to be held for a longer duration are suited for investment by the member into term investments or funds held on a platform.

As a general principle, it is envisaged that the interest allocated to a member that is eligible for interest payments will be significantly above the intra-day bank interest rate available to a retail client.

Policy - General

It is proposed that interest will be shared with eligible members on a clear and transparent basis.

The designated SPP account will receive interest on any balance held at an annual rate of 2% below the Sterling Overnight Interbank Average Rate (SONIA) benchmark rate. The interest will accrue daily and be payable on the first business day following the month's end.

SONIA (Sterling Overnight Index Average) is an important interest rate benchmark.

The Bank of England administrator SONIA. That means they take responsibility for its governance and publication every London business day. Information on SONIA can be found at [SONIA interest rate benchmark](#) | Bank of England.

SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

The amount of interest Pathlines receives may be more than the amount payable in the designated SPP account. As a business, Pathlines will receive variable interest from our banking counterparties. We use this interest to help meet the running costs of your plan.

Interest Allocation Calculation (IAC)

This interest rate applies to funds held in the designated SPP account held with HSBC only. When income is being taken, the value of your designated SPP account will vary to facilitate your income payments.

Example: Illustration of Interest Earned in June 2026

Assumptions used:

- Average Daily SONIA for June 2025 = 3.75%
- Interest Rate Applied to Client = 3.75% - 2% = 1.75%
- Client's Cash Balance = £2,500
- Days in June = 30

Date	SONIA (%)	Client Rate (SONIA - 2%)	Daily Interest (£)	Balance (£)
01-Jun-26	3.75%	1.75%	0.12	2,500
02-Jun-26	3.75%	1.75%	0.12	2,500
...	...	...	...	...
30-Jun-26	3.75%	1.75%	0.12	2,500
Total Interest for Jun	-	-	£3.71	-

- If SONIA drops below 2%, the interest rate would become negative, meaning **no interest is paid**.
- If SONIA rises, the interest rate applied to the client increases.

Please note that the interest level is set by Pathlines and is subject to change on 30 days' notice. Interest is not paid to non-Sterling currency accounts.