



CF Cryptocurrency Index Family

Oversight Function Meeting Minutes

March 16th 2022

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Attendees & Quorum

Mr. Neil Grant (Oversight Function).
Sui Chung (Administrator)

The meeting began at 13:30 London Time

Conflicts of Interest

The Oversight Function (Neil Grant) declared a new potential conflict as interim Compliance Officer for Payward Ltd.

1 Standing Items

The Administrator presented findings from an issue previously discussed with the Oversight Function. The Administrator confirmed the benchmark surveillance alerting system, which sent alert emails to the Compliance Team, is now running as intended. The alerts generated were being triaged and resolved by the Compliance Team.

2 Use Cases and Licensing of CF Cryptocurrency Index Family Benchmarks

The Administrator presented the use cases for the Single Asset and Multi Asset Benchmarks offered by the Administrator, for the benefit of the Oversight Function.

The Administrator added that the load carried (Euro value) of the benchmarks in scope of BMR will be added as a standing item to the Oversight meetings to ensure the FCA is informed if the threshold for a 'significant' benchmark is crossed.

The Oversight had no questions and resolved to review the load carried of the relevant benchmarks in future meetings as a standing item.

3 Parameter Change to Certain CF Cryptocurrency Index Family Settlement Prices

The Administrator presented the proposed parameter changes to certain benchmarks which the Oversight function provides oversight for. The Administrator explained that these changes were being made reflected an increase in liquidity (as measured by trading volume) and increased number of input data exchanges for the CF Chainlink- Dollar Settlement Price, CF Tezos - Dollar Settlement Price, and CF Stellar Lumens – Dollar Settlement Price. The changes would include a shortening to the observation window, shortening of the partition lengths and an increase of the partition number.

The Administrator asked for the Oversight Function to consider if a one week consultation would be sufficient, in place of the standard two weeks, for benchmarks in question that are not utilised under BMR definitions.

The Oversight Function asked when these benchmarks were first released and the Administrator gave 2020 as a start date for the benchmarks which all started at different times around this period.

The Oversight Function resolved that an exemption consultation period of one week may be used due to the benchmarks not being utilised under BMR definitions and that the Oversight Function will provide oversight of this process.

4 Demising the CF Bitcoin – Dollar US Settlement Price and the CF Ether – Dollar US Settlement Price

The Administrator stated that a cessation notice will be given to benchmark users of the CF Bitcoin US Settlement Price and the CF Ether Dollar US Settlement Price and that these users will instead be moved over to the CME CF Bitcoin Reference Rate - New York Variant and CME CF Ether-Dollar Reference Rate - New York Variant respectively.

The Administrator confirmed that these benchmarks will be demised due to essentially now being duplicated, and that the cessation will come after a 30-day notice period and that no consultation period is required due to there being no usage of the

The Oversight Function resolved to approve the notice period and provide oversight of the cessation of the CF Bitcoin US Settlement Price and the CF Ether Dollar US Settlement Price.

5 Parameter Change to Certain CF Cryptocurrency Index Family Benchmarks

The Administrator stated that observed liquidity (mainly bids) have fallen for the following benchmarks:

- Enjin – U.S. Dollar (ENJ-USD)
- Chiliz - U.S. Dollar (CHZ-USD)
- Orchid – U.S. Dollar (OXT-USD)
- Livepeer – U.S. Dollar (LPT-USD)
- OMG Network – U.S. Dollar (OMG-USD)

Due to this, the Administrator proposed increasing the potentially erroneous data parameter for these benchmarks from 10 to 25 percent, to account for liquidity issues.

The Oversight Function resolved to approve these changes without the need for consultation in accordance with the Administrators policies.

6 Administrators Benchmark Surveillance Alert System Failure

The Administrator detailed that between November 2021 to February 2022, the alerting system in place which would send an email to the Compliance Team when a benchmark surveillance alert triggered in the surveillance system, had not been functioning. The benchmark surveillance system worked as expected during this time and a log had been kept within the system of all alerts that triggered, but the Compliance Team was not notified of.

The total number of alerts where notifications were missed was 37. Over half of these have been highlighted by the Administrator as de minimis, considering the amount (USD Value) or time period affected; with the Compliance Team to confirm this.

The Oversight Function confirmed that final reports of these alerts will be sent to the Oversight Function once completed and that the iNED and the CME CF Oversight Function has already been informed.

The Administrator proposes a new way to alert the compliance team to benchmark surveillance alerts, whereby a weekly summary is sent every week (including for nil returns).

The Oversight function considered the pros and cons of the proposal, and considered the proposal to be beneficial to the benchmark surveillance process and did not consider the new proposal to cause concerns regarding the timeliness of investigations. The Oversight Function requested a new control to be added to the Compliance Monitoring Plan to periodically check the new weekly reports against alerts in the grafana dashboard.

The Oversight Function resolved to approve the new benchmark surveillance alerting mechanism in the form of a weekly report.

7 A.O.B.

The Oversight Function asked the Administrator to update the Oversight Function on the progress of the Compliance role the Administrator is aiming to fill.

The Administrator confirmed that they are still awaiting confirmation from the preferred candidate, expected by the end of the day (16th March 2022). The Administrator will re-open the position to new candidates, should the current preferred candidate not join.

The Oversight Function acknowledged the staffing update with no further questions.

The meeting was adjourned at 14:30 London Time.

A supplemental agenda item was brought to the attention of the Oversight Function and the meeting was re-convened on March 23rd at 1306 London time.

8 Cessation of Certain CF Cryptocurrency Index Family Settlement Prices and Spot Rates

The Administrator proposed to demise 22 indices in total including CF Settlement Prices and CF Spot Rates and remove these benchmarks from the CF Cryptocurrency Index Family. This includes four indices currently in use by licensees.

The Administrator detailed that the indices were being ceased due to commercial reasons and that they will be replaced by the newly launched CME CF equivalent indices.

The Administrator explained that the CF Indices will switch with the CME CF equivalents simultaneously. The Administrator confirmed that the indices will be calculated using the same methodologies and the settlement rates will use the same hour time window as before for settlement prices.

The Administrator confirmed that for the four indices in use, a two week consultation process will be followed and the Administrator will come back to the Oversight Committee with any feedback from the consultation if received.

The Administrator added that, for the indices not in use within the definitions of BMR, the administrator intends to notify and inform users that an alternative benchmark tracking the price of the same underlying assets is now live. All existing licensees will receive a license to the new index, respective of the licences they currently hold.

The Oversight Function asked the Administrator if the CME CF Oversight function had approved the new indices and if the bloomberg code will be different between the old and new indices.

The Administrator confirmed that the CME CF Oversight function has approved the new indices and that the Bloomberg codes will be different.

The Oversight Function resolved to provide oversight for the cessation and consultation processes.

The meeting adjourned at 13:50 London time.