CF Digital Asset Index Family

Oversight Function Meeting Minutes (SUMMARY)

March 27th 2025

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1 Attendees & Quorum

Oversight Function: Thomas Morgan

Administrator: Sui Chung

Administrator Compliance: Alise Kane

Conflicts of Interest: There being no new conflicts of interest the meeting began at 09:33 London Time.

2 Standing Items and Public Documentation Review

Surveillance Alerts
The Administrator summarised the surveillance alerts that had been triggered and reviewed. The Administrator then went on to explain that some alerts were below materiality threshold and would not require further assessment.

The Administrator reported a few exceptions in ETH staking reward rates, which were not surveillance alerts but cases of missing input data. One data point was recalculated and confirmed to be accurate. The deviation was attributed to the validator generating significantly higher MEV (Maximum Extractable Value) compared to the network average.

Public Documentation Review
The Administrator presented the Oversight Function with documents which are subject to a review, suggested changes were included as mark-up(s).

The Administrator presented updates to the CF Digital Asset Index Family Multi Asset Series - Ground Rules. The key update addresses onboarding criteria for constituent exchanges, stating that exchanges must be accessible to investors in major jurisdictions and must not impose barriers to entry. This ensures that benchmarks remain licensable and usable in key markets.

The Administrator also proposed aligning this principle with the rules for determining the investable universe, particularly in the liquidity scoring process. If a crypto asset is only available on exchanges that restrict user access based on jurisdiction, such as being inaccessible to U.S. investors, then that market would be deemed ineligible for inclusion.

TM confirmed there were no objections, and the Oversight Function resolved to accept the changes added to:

- CF Digital Asset Index Family Multi Asset Series - Ground Rules
- CF Benchmarks - Governance and Oversight Framework

3 Annual Review of CME as an Input Data Source

The Administrator completed a review of CME as an Input Data Source for two types of "regulated-data benchmarks" administered by CF Benchmarks:

- CF Rolling CME Futures Indices
- CF Volatility Series

The Administrator presented its findings and concluded:

- CME is confirmed to operate as a Designated Contract Market (DCM) and is classified as a Trading Venue under the Benchmarks Regulation (BMR) framework.
- CF Benchmarks does not independently monitor CME's data for market abuse, as this is the responsibility of CME, which is already subject to oversight.
- HM Treasury and the FCA recognize CME as an equivalent venue, though it is not a "regulated market" under UK law.
- CME maps to UK BMR Article 3(1)(24)(ia)(aa) and meets the criteria for use of its data in regulated-data benchmarks.

The Oversight Function resolved that it has provided oversight of:
The CME review and that it is correctly identified as a Trading Venue as defined in Article 2(1)(16) of the Markets in Financial Instruments Regulation) in a third country. Input data sourced from the CME exchange meets the definition of 'regulated-data".

4 Demising of Benchmarks

For commercial reasons, the Administrator proposed to demise a number of Settlement Prices and Spot Rates. Given there are no licensees the Administrator prosed give market participants a one week notice before demising those.

- **CF GameFi Index**
  - CF GameFi Index (Modified Market Cap Weight) Settlement Price
  - CF GameFi Index (Modified Market Cap Weight) Spot Rate
- **CF Sector/Service/Settlement Category indices (Spot Rates only)**
  - CF Sector Category Index - London - Spot Rate
  - CF Services Category Index - London - Spot Rate
  - CF Settlement Category Index - London - Spot Rate
- **CF Blockchain Infrastructure Index**
  - CF Blockchain Infrastructure Index (Market Cap Weight) – Brazil - Settlement Rate
  - CF Blockchain Infrastructure Index - London - Settlement Price
  - CF Blockchain Infrastructure Index - US - Settlement Price
  - CF Blockchain Infrastructure Index (Market Cap Weight) - London - Spot Rate
- **Large Cap / Broad Cap Brazilian Variants**
  - CF Large Cap (Free Float Market Cap Weight) - Brazil - Settlement Price
  - CF Large Cap (Diversified Weight) - Brazil - Settlement Price
  - CF Broad Cap Index (Free Float Market Cap Weight) - Brazil - Settlement Price
  - CF Broad Cap Index (Diversified Weight) - Brazil - Settlement Price
- **CF ETH Staking Blends**
  - CF ETH Staked Return Index Blends (40/60)
  - CF ETH Staked Return Index Blends (30/70)
  - CF ETH Staked Return Index Blends (20/80)
  - CF ETH Staked Return Index Blends (10/90)
- **CF SOL Staking Blends**
  - CF SOL Staked Return Index Blends (40/60)
  - CF SOL Staked Return Index Blends (30/70)
  - CF SOL Staked Return Index Blends (20/80)
  - CF SOL Staked Return Index Blends (10/90)

The Oversight Function resolved on the proposal to demise the above Settlement Prices and Spot Rates.

5 Launch of Single Asset Settlement Prices and Spot Rates

The Administrator proposed for additional assets to be covered by the CF Digital Asset Index Family. The Administrator presented several Asset Pairs to the Oversight Function seeking to add both Settlement Prices and Spot Rates to the CF Digital Index Family.

First, the Administrator and the Oversight Function discussed transaction volumes published by Constituent Exchanges and noted that the hour preceding 1600 London Time and 1600 New York Time was liquid for Aptos USD asset pair. The Oversight Function then went on to analyse the data sufficiency metrics and agreed that there was ample trading volume for robust Settlement Price calculations.

The Oversight Function resolved on the launch of proposed Settlement Prices:

- CF Aptos-Dollar Settlement Price (APTUSD_RR)
- CF Aptos-Dollar US Settlement Price (APTUSD_NY)

Next, the Administrator presented a proposal to support Kraken MTF's planned launch of perpetual futures contracts for 70 digital assets. To align with these derivatives, only Spot Rates (RTIs), not Settlement Prices, will be published for proposed 70 asset pairs.

The Oversight Function discuss input data metrics for Spot Rates and requested to review the material overnight and provide a resolution the following day.

Note: The Oversight Committee resolved to provide oversight of the resultant Spot Rates the following day.

6 Launch of Options Settlement Rate Series

The Administrator proposed to launch the CF Options Settlement Rates (**OPTRR**) to the CF Digital Asset Index Family under the oversight of the CF Oversight Function. These products are intended to measure the underlying economic reality of cryptocurrency markets through a robust time-weighted average methodology. The design and implementation of the OPTRR lends itself to be used as a daily rate to allow for the orderly settlement of options contracts and other derivative instruments.

The OPTRR is calculated based on the existing CME CF Real Time Index between 7:30:01 a.m. to 8:00:00 a.m. UTC.

- CME CF Bitcoin Real Time Index
- CME CF Ether-Dollar Real Time Index
- CME CF Solana-Dollar Real Time Index

The Administrator explained, all relevant Real Time Index data points are collected during the TWAP Period, with each entry including both the timestamp and the corresponding index value. The sum of the recorded RTI values is divided by the total number of RTI to produce the final time-weighted reference price. Reference Prices are published once per day, every day, at 8:01:00 a.m. UTC.

The Administrator and the Oversight Functions examined analysis of the contribution that would have been made in the previous 45 calendar days to the proposed Settlement Rates during the proposed TWAP Period. The Oversight Function concluded the Constituent Exchanges for the asset pairs enjoy strong liquidity and will facilitate a robust calculation for the respective Settlement Prices.

The Oversight Function resolved to provide oversight of:

- Launch of new CF Index Family named "**Options Settlement Rate**".
- Launch of new products as members of **Options Settlement Rate**, those products are: **CF Bitcoin Options Settlement Rate**; **CF Ether Options Settlement Rate**; **CF Solana Options Settlement Rate**.

7 CF Volatility Series - Restatement & Republishing Parameter Review

The Administrator stated that it wishes to change the Restatement & Republishing Parameter for the CF Bitcoin Volatility Index Settlement Rate (BVXS).

The Administrator explained, the current policy applies a 0.20% threshold on a relative basis, even for indices expressed as percentages (like BVX). This can result in the threshold being too permissive during high volatility or too strict during low volatility.

Instead, the Administrator proposes to maintain the 0.20% threshold, but apply it on an absolute basis for indices calculated in percentage terms. For indices in currency terms (e.g., single asset benchmarks), the current relative application will remain unchanged.

Illustration of new method (Absolute Basis):
If BVX is published at 50%, it would only be restated if:

- It exceeds 50.21%, or
- Falls below 49.79%

This change ensures consistency across all volatility conditions, improving the reliability of the index.

The Oversight Function resolved to provide oversight of the change of Restatement & Republishing Parameter which the Administrator shall seek to implement on April 4th, 2025.

8 A.O.B

Since the previous meeting the Administrator identified three new operational risk events. Formal risk event write ups were completed and shared with the Oversight Function on March 7th, 2025:

- 19 Feb 2025 - Missed Consultation CF SOL Staked Indices
- 03 March 2025 - SOL Staking Series Rebalance Issue & Restatement & Republishing of an Index
- 07 March 2025 - CF Large Cap (Diversified Weight) Indices – Restatement of Rebalance

It was concluded that there was no direct client or market impact because impacted indices don’t have licensees.

There being no further business the meeting was adjourned at 10:25 London Time.