



CF Digital Asset Index Family Oversight Function Meeting Minutes (SUMMARY)

May 16th 2024

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1 Attendees & Quorum

Oversight Function: Lana Sinelnikova

Administrator: Sui Chung

Administrator Compliance: Alise Kane

Conflicts of Interest: There being no conflicts of interest the meeting began at 11:06 London Time.

2 Standing Items

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 then discussed Staking Reward Rates and confirmed that one of staking providers was facing technical issues and therefore was not able to contribute to CF ETH Staking Reward Rate on 9 days.

The Oversight Function had no further questions regarding these alerts.

Assets Benchmarked

The Administrator then confirmed that Assets Benchmarked as of December 29th, 2023, remain below the €50bn threshold and therefore CF Benchmarks indices will remain “Non-Significant”.

Quarterly Metrics Reports

The Administrator reminded the Oversight Function of the quarterly metrics reports that had been provided since the previous meeting and asked for questions and comments. The Administrator Compliance provided further details about metrics.

3 Annual Review of Declared Conflicts of Interest

As part of the Administrator's ongoing regulatory obligations under the UK BMR, the Administrator's compliance function reviewed the existing declared conflicts of interest to ensure that those do not compromise the activities of the Administrator or the Oversight Function's abilities to discharge its duties as described within the CF Oversight Function Specifications. As part of the process the Oversight Function was contacted for updates.

The Administrator highlighted that the scope of Ms Sinelnikova current role has changed and concluded the existing mitigating actions remain appropriate and shall be reviewed in the future as scheduled.

4 Annual Review of CF Cryptocurrency Oversight Function Documentation

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

The Oversight Function and the Administrator discussed the changes to the documents, most of which were minor updates with no substantial changes in terms of their aims or approaches.

The Oversight Function resolved that it had reviewed the documentation and agreed to proposed changes for the following documents:

- CF Constituent Exchange Criteria
- CF Hard Fork Policy
- CF Digital Asset Index Family Multi Asset Series - Ground Rules
- CF Bitcoin Volatility Index Settlement Methodology
- CF Bitcoin Volatility Index Real Time Methodology
- CF Benchmarks Governance and Oversight Framework
- CF Benchmarks Accountability Framework
- CF Benchmark Statement – Regulated-Data Benchmarks
- Updates to “**Notice and Disclaimer**” section across all methodologies

During the previous meeting the Oversight Function approved changes for the below documents:

- CF Spot Rates – Methodology Guide
- CF Settlement Prices - Methodology Guide
- CF Digital Asset Index Family – Single Asset Series – Benchmarks Statement
- CF Digital Asset Index Family – Multi Asset Series – Benchmarks Statement
- Oversight Function Specifications
- CF Staking Series - CF Staking Series Methodology

The Administrator didn't propose to make any changes to:

- CF Benchmarks Multi Asset Restatement Policy
- CF Capitalization Series Methodology
- CF Digital Asset Sector Composite Index Methodology
- CF Rolling CME Bitcoin Ether Basket Futures Index Methodology
- CF Rolling CME Bitcoin Futures Index Methodology
- CF Rolling CME Ether Futures Index Methodology
- CF DACS Methodology
- CME CF Constituent Exchanges Criteria

5 Changes to CF Digital Asset Category Index Methodology

The Administrator summarised proposed changes to the CF Digital Asset Category Index Methodology and confirmed that these changes are to incorporate SIX (Swiss Stock Exchange) eligibility criteria into the index methodology and include eligibility criteria into the index methodology for:

- *CF Web 3.0 Smart Contract Platforms Index – London Variant*
- *CF Web 3.0 Smart Contract Platforms Index – Brazil Variant*

As defined by **CF Benchmarks - Governance and Oversight Framework** proposed changes would be deemed “**Material Change to the Benchmark Methodology or Input Data**”. The Administrator shall conduct a consultation in accordance with the **CF Benchmarks – Consultation Process and Procedures** under the oversight of the CF Oversight Function.

The Administrator and the Oversight Committee also briefly discussed global regulatory frameworks for crypto financial products.

The Oversight Function resolved for a consultation process to be initiated.

6 Two Index Incidents

The Administrator summarised the causes of two risk events which impacted CF Bitcoin Volatility Index Settlement Rate (**VBXS**) and CF Staking Series. The Administrator also outlined a detailed remediation plan and how proposed measures would mitigate against the Administrator encountering such issues in the future.

The Administrator then confirmed that the impact was minimal and there was no direct client impact.

7 Potentially Erroneous Data Parameter Review

The Administrator explained its reasoning for wishing the Oversight Function to consider amending the potentially erroneous data parameter applied to the CF Digital Asset Index Family - Single Asset Series Benchmarks. The Administrator reminded the Oversight Function that as part of the CF Oversight Function Specifications Section 8 (Tasks), the Oversight Function shall review Potentially Erroneous Data for the CF Digital Asset Index Family annually.

The Administrator proposed new levels for the parameter and presented its analysis of the maximum recorded potentially erroneous data parameter in each month for the period from April 2023 to March 2024.

There was a further discussion as to whether the Oversight Function felt that this proposal may lead to certain Constituent Exchanges potentially being excluded from Settlement Prices once new tighter parameters are introduced.

In light of the discussion the Oversight Function concluded the Potentially Erroneous Data Parameter should remain unchanged.

8 Demising the CF Internet Computer – Dollar and CF Ripple – Dollar LDN Settlement Prices

The Administrator proposed to demise two indices including CF Settlement Prices and CF Spot Rates and remove these benchmarks from the CF Digital Asset Index Family. In accordance with the Administrator’s Governance and Oversight Framework the two benchmarks in question are not utilised as benchmarks under the Article 3(7) of the Benchmarks Regulations and as such there is no requirement to conduct a consultation. A formal announcement will be published on CF Benchmarks website confirming the alternative benchmarks.

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

9 Appointment of External Auditor

The Administrator confirmed that an Auditor was appointed to undertake an Independent Reasonable Assurance Type Audit in respect of the firm's control procedures that relate to compliance with the UK BMR.

10 A.O.B

There being no further business the meeting was adjourned at 12:53 London Time.