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# CF Benchmarks Limited

## ISAE 3000 Independent Reasonable Assurance Report

12 September 2022 – 12 September 2024

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CF Benchmarks Limited - Reasonable Assurance over internal control activities in relation to the UK Benchmarks Regulation (UK BMR)

**18 October 2024**



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This document is intended solely for the purpose of reporting on the internal control activities of CF Benchmarks Limited in relation to the UK Benchmarks Regulation (UK BMR). This document should be read in full.



# 1. Introduction

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## 1.1 Overview

The EU Benchmarks Regulation ('EU BMR') was first introduced on 30 June 2016 in order to regulate the provision of, contribution to, and use of, a variety of benchmarks in the European Union. Most provisions became effective from 01 January 2018 to help ensure a high level of consumer and investor protection, for the proper functioning of the internal market, and to improve the conditions of the functioning of financial markets.

Following the United Kingdom's exit from the European Union on 31 January 2020, CFB is now subject to the UK Benchmarks Regulation ('UK BMR') which is the EU BMR incorporated into UK law pursuant to the European Union (Withdrawal) Act 2018 as amended by, including but not limited to, The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulation 2019.

## 1.2 Structure of this document

This document forms the Reasonable Assurance assessment in respect of CF Benchmarks Limited (CFB) internal control activities in relation to UK BMR.

This document contains the 18 October 2024 declaration of CFB for suitably designing and operating effective internal control activities in respect to the In-scope Indices as set out in Section 3 of this document.

Section 2 of this document provides an overview of CFB's organisation and business. Section 3 provides a summary of the CFB benchmarks and indices within scope of this Assurance report. Section 4 contains the statements provided by the Boards of Directors of CFB. Section 5 contains the KPMG LLP ('KPMG') Independent Assurance Report. Section 6 contains each of the UK BMR article in scope, the control objective identified by CFB management to meet the requirements of these articles, and the control activities designed to achieve those objectives, alongside the testing work performed by KPMG.



## 2. Company Information

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CF Benchmarks Ltd (“CFB” or “the Company”) is a company incorporated in England and Wales with registered company number 11654816 and is a wholly owned subsidiary of Payward, Inc (aka “Kraken”). The purpose of the company is to administer financial benchmarks for digital assets.

CFB received its regulatory authorisation as a Benchmark Administrator under the UK Benchmarks Regime (“BMR”) from the competent authority, the UK Financial Conduct Authority (“FCA”) on 19 August 2019.

CFB is the world’s largest digital asset Benchmark Administrator, its benchmarks are widely used under license by financial institutions globally within their regulated financial products that reference digital assets.

Some of the more common uses include:

- determination of fund net asset value by asset managers (including Exchange Traded Funds);
- settlement of derivative contracts (both exchange-traded and over-the-counter);
- valuation of margin collateral in bi-lateral trading arrangements;
- risk management; and
- portfolio construction, replication and optimisation.

As the largest benchmark administrator for digital assets with the most widely used benchmark, CF Benchmarks operates to the highest standards to ensure its benchmarks are; replicable, representative and resistant to manipulation. To help ensure that we uphold these aims we apply the highest standards of transparency and accountability, this Assurance engagement is the third such that has been carried out on CFB’s internal control activities in relation to UK BMR.



## 3. Benchmarks & Indices Within Scope

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CFB has a portfolio of benchmarks and indices, a number of which are calculated on an end-of-day basis and some are calculated on a more real-time basis. Below is a high-level description of the nature of those that are within the scope of this assurance report. Within this report we refer to the below CFB benchmarks and indices as the “In-scope Indices”. For a more detailed description of each Benchmark or Index, please refer to the CFB methodologies and benchmark statements.

### 3.1 CME CF Cryptocurrency Pricing Products Family

#### 3.1.1 CME CF Single Assets Series – Non Significant Benchmarks

The CME CF Cryptocurrency Single Asset Series are benchmarks and real-time indices intended to measure the underlying economic reality of the exchange of the base asset for the quote asset and vice versa.

The series is comprised of 26 asset pairs and two benchmark types:

- CME CF Cryptocurrency Reference Rates – Published on a daily basis and calculated using relevant transaction data from constituent exchanges.
- CME CF Cryptocurrency Real Time Indices – Published every second and calculated using relevant order book data from constituent exchanges.

### 3.2 CF Digital Asset Index Family

#### 3.2.1 CF Single Asset Series – Non Significant Benchmarks

The CF Single Asset Series are benchmarks and real-time indices intended to measure the underlying economic reality of the exchange of the base asset for the quote asset and vice versa.

The series is comprised of 21 asset pairs and two benchmark types:

- CF Settlement Price – Published on a daily basis and calculated using relevant transaction data from constituent exchanges.
- CF Spot Rate – Published every second and calculated using relevant order book data from constituent exchanges.

#### 3.2.2 Multi Asset – CF Classification Series - Non Significant Benchmarks

The CF Classification Series are benchmarks that seek to track the performance of Categories, sub-Categories, or a combination thereof, within the CF Digital Asset Classification Structure (DACs).

The series is comprised of four benchmarks and two benchmark types:

- CF Digital Asset Category Index – Published on a daily basis and calculated using relevant CME CF Single Asset Series and CF Single Asset Series benchmark values.
- CF Digital Asset Sector Composite Index – Published on a daily basis and calculated using relevant CME CF Single Asset Series and CF Single Asset Series benchmark values.

#### 3.2.3 Multi Asset – CF Capitalization Defined Series – Non Significant Benchmarks

The CF Capitalization Defined Series are benchmarks that seek to provide users with exposure to a target capitalization range of the liquid digital asset universe and deliver the associated “beta” return.

The series is comprised of six benchmarks and a single benchmark type.



The series is published on a daily basis and calculated using relevant CME CF Single Asset Series and CF Single Asset Series benchmark values.

### **3.2.4 CF Staking Series – Non Significant Benchmarks**

The CF Staking Series are benchmarks that seek to reflect the daily realised rewards associated with the staking of digital assets.

The series is comprised of 12 benchmarks and three benchmark types:

- CF ETH Staking Reward Rate – Published on a daily basis and calculated using relevant staking reward rate input data from constituent staking service providers.
- CF ETH Staked Return Index – Published on a daily basis and calculated using the CF ETH Staking Reward Rate.
- CF Staked Return Index Blends Series – Published on a daily basis and calculated using the CF ETH Staked Return Index and CME CF Ether-Dollar Reference Rate.

### **3.2.5 CF Rolling CME Futures Indices – Regulated-data Benchmarks**

The CF Rolling CME Futures Indices are benchmarks that seek to replicate the USD returns of holding physical Bitcoin or Ether through CME futures contracts.

The series is comprised of three benchmarks:

- CF Rolling CME Bitcoin Futures Index – Published on CME-trading days and calculated using the prices of CME Bitcoin Futures.
- CF Rolling CME Ether Futures Index – Published on CME-trading days and calculated using the prices of CME Ether Futures.
- CF Rolling CME Bitcoin Ether Basket Futures Index – Published on CME-trading days and calculated using the CF Rolling CME Bitcoin Futures Index and CF Rolling CME Ether Futures Index.

### **3.2.6 CF Volatility Index Series – Regulated-data Benchmarks**

The CF Volatility Series are benchmarks that seek to measure the underlying economic reality of creating a weighted portfolio of CME Bitcoin options contracts with a view to replicating the payoff of a Bitcoin volatility swap.

The series is comprised of two benchmarks:

- CF Bitcoin Volatility Index Real Time – Published on CME-trading days in real-time and calculated using order book data from CME Bitcoin Futures and CME Options on Bitcoin Futures.
- CF Bitcoin Volatility Index Settlement – Published on CME-trading days and calculated using the CF Bitcoin Volatility Index Real Time.



Benchmark Series	Methodologies
<b>CME CF Single Asset Series</b>	CME CF Reference Rates Methodology
	CME CF Real Time Index Methodology
<b>CF Single Asset Series</b>	CF Settlement Price Methodology Guide
	CF Spot Rate Methodology Guide
<b>CF Staking Series</b>	CF Staking Series Methodology
<b>CF Rolling CME Futures Indices</b>	CF Rolling CME Bitcoin Futures Index Methodology
	CF Rolling CME Ether Futures Index Methodology
	CF Rolling CME Bitcoin Ether Basket Futures Index Methodology
<b>CF Volatility Series</b>	CF Bitcoin Volatility Index Real Time Methodology
	CF Bitcoin Volatility Index Settlement Methodology
<b>CF Classification Series</b>	CF Digital Asset Category Index Methodology
	CF Digital Asset Sector Composite Index Methodology
	CF Digital Asset Classification Structure (DACS) Methodology
<b>CF Capitalization Series</b>	CF Capitalization Series Methodology



## 4. CF Benchmarks Limited Executive Statement

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As Management of CF Benchmarks Limited (“CFB”) we are responsible for identifying control objectives in relation to the provision of benchmark administration for the In-scope Indices (as defined in Section 3) by CFB and the design, implementation and operation of CFB’s control activities to provide reasonable assurance that the control objectives in relation to the UK Benchmarks Regulation (“UK BMR”) are achieved.

The following description has been prepared for stakeholders who have a sufficient understanding to consider the description.

We confirm that:

The accompanying description, set out in Section 6 (page 13 to 79), fairly presents CFB’s benchmark administration for the In-scope Indices throughout the period from 12 September 2022 to 12 September 2024. The criteria used in making this statement were that the accompanying description:

- Presents how the processes and systems were designed and implemented, including:
  - The In-scope Indices set out in Section 3 (page 5 to 7);
  - The procedures, within both information technology and manual systems, by which the In-scope Indices were recorded, processed, corrected (as necessary), and administered;
  - The systems that captured the input data, performed the calculations, and published the benchmarks for the In-scope Indices;
  - Relevant control objectives and control activities designed to achieve those control objectives;
  - Other aspects of our control system, risk assessment process, control activities and monitoring control activities that were relevant to administering the In-scope Indices; and
  - Does not omit or distort the information relevant to the described scope of the benchmark administration, while acknowledging that the description is prepared to meet the needs of a broad range of stakeholders and may not, therefore, include every element of the services that each individual stakeholder may consider important in its own particular environment.
- Other than the exceptions referred to in the independent assurance report (Section 5), the control activities related to the control objectives stated in the accompanying description were suitably designed and operated effectively from 12 September 2022 to 12 September 2024. The criteria used in making this assertion were that:
  - The risks that threatened achievement of the control objectives stated in the description were identified;
  - The identified control activities would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved; and
  - The control activities were consistently applied as designed, including those manual control activities were applied by individuals who have the appropriate competence and authority.

Signed by:  
  
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Sui Chung

Chief Executive

Signed on behalf of CF Benchmarks Ltd.



## 5. KPMG Independent Assurance Report

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### **Independent Practitioner’s Reasonable Assurance Report to CF Benchmarks Limited in respect of internal control activities over the benchmark administration process for the In-scope Indices in relation to the UK Benchmarks Regulation from 12 September 2022 to 12 September 2024**

#### **Scope**

In accordance with our engagement letter dated 05 June 2024 and our subsequent variation letter dated 11 June 2024 (together our “Engagement Letter”), we have been engaged to report to CF Benchmarks Limited (“CFB”) and carried out procedures to enable us to form an independent opinion on whether CFB has fairly described, in all material respects, its control system over the benchmark administration process for the In-scope Indices as listed on pages 5 to 7, Section 3 (the “In-scope Indices”) throughout the period from 12 September 2022 to 12 September 2024 (the “Period”) in the accompanying description set out on pages 13 to 79, Section 6 (the “Description”), and on the suitability of the design and operating effectiveness of control activities to achieve the related control objectives stated in the Description, based on the criteria identified in the CF Benchmarks Limited Executive Statement on page 8. Our opinion is set out below and should be read and considered in conjunction with this report in full.

The scope of our engagement covers the financial benchmarks and related policies, procedures and control activities applicable to the benchmark administration process for the In-scope Indices determined by CF Benchmarks.

#### **Use of Our Report**

Our report and the description of tests of control activities has been prepared for CFB solely in accordance with the terms of our Engagement Letter. We have consented to publication of our report on <https://www.cfbenchmarks.com> for the purpose of CFB showing that it has obtained an independent assurance report in connection with its control system over the benchmark administration process for the In-scope Indices.

Our report was designed to meet the agreed requirements of CFB determined by CFB’s needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than CFB for any purpose or in any context. Any party other than CFB who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

#### **Management’s Responsibilities**

In this report, references to CFB’s management (“Management”) means the directors of CFB (the “Directors”) and those employees to whom the Directors have properly delegated day-to-day conduct over matters for which the Directors retain ultimate responsibility.

Management is responsible for ensuring that CFB complies with the UK Benchmarks Regulation (“UK BMR”). This includes having responsibility for specifying the control objectives which they assert achieve compliance with the UK BMR and designing, implementing and monitoring compliance with policies, procedures and control activities to achieve those control objectives.

Management are also responsible for: (i) preparing the Description (pages 13 to 79) and the accompanying CF Benchmarks Limited Executive Statement set out on page 8, including the completeness, accuracy, and method of presentation of the Description and the CF Benchmarks Limited Executive Statement; (ii) providing the benchmark administration process for the In-scope Indices covered by the Description; (iii) selecting the criteria to be used and stating them in the CF Benchmarks Limited Executive Statement; (iv) specifying the



control objectives and stating them in the Description; (v) identifying the risks that threaten the achievement of the control objectives; and (vi) designing, implementing and documenting control activities that are suitably designed and operating effectively to achieve the related control objectives stated in the Description.

### **Our Responsibilities**

Our responsibility, based on the procedures performed and evidence obtained, is to express an independent opinion to CFB as to whether, in all material respects: (1) the Description fairly presents the control system that was designed and implemented throughout the specified period from 12 September 2022 to 12 September 2024; (2) the control activities included in the Description were suitably designed throughout the specified period to provide reasonable assurance that the control objectives specified would be achieved if the described control activities were operating effectively; and (3) such control activities were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the specified period. The criteria we used to form our judgements are the criteria used by Management in making the CF Benchmarks Limited Executive Statement and are set out on page 8.

We conducted our engagement in accordance with International Standard on Assurance Engagements (UK) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE (UK) 3000") issued by the Financial Reporting Council ("FRC") and having regard to the guidance in Institute of Chartered Accountants in England and Wales ("ICAEW") Technical Release 02/14 *FSF Assurance Reports on Benchmarks and Indices* ("TECH 02/14"). That standard and guidance requires us to comply with ethical requirements and to plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, based on the criteria described in the CF Benchmarks Limited Executive Statement on page 8, the Description is fairly presented and the control activities were suitably designed and operating effectively to achieve the related control objectives stated in the Description.

Our assurance engagement to report on the Description, design and operating effectiveness of control activities at CFB involved:

- performing procedures to obtain evidence about the fairness of the presentation of the Description of the benchmark administration process for the In-scope Indices and the suitability of the design and operating effectiveness of the control activities to achieve the related control objectives stated in the Description;
- assessing the risks that the Description is not fairly presented and that the control activities were not suitably designed or operating effectively to achieve the related control objectives stated in the Description;
- testing the operating effectiveness of those control activities that we consider necessary to provide reasonable assurance that the related control objectives stated in the Description were achieved;
- evaluating the overall presentation of the Description, the suitability of the control objectives stated therein, and the suitability of the criteria specified by CFB and described in the CF Benchmarks Limited Executive Statement on page 8; and
- performing such other procedures as we considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Our Independence and Quality Management**

We have complied with the ICAEW Code of Ethics, which includes independence, and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards).

Our firm applies International Standard on Quality Management (UK) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*



(“ISQM (UK) 1”), issued by the FRC which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Additional Information**

The information provided in Section 2 on page 4, Appendix 1 on page 80, and Appendix 2 on pages 81 to 82 is presented by CFB to provide additional information and is not a part of the Description of the benchmark administration process for the In-scope Indices. Such information has not been subjected to the procedures regarding the Description or the suitability of the design and operating effectiveness of control activities to achieve the related control objectives stated in the Description, and accordingly, we express no opinion on it.

### **Inherent Limitations of Control Activities**

The Description is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of CFB’s benchmark administration process for the In-scope Indices that each individual user may consider important in its own particular environment. Also, because of their nature, control activities at a benchmark administrator may not prevent or detect and correct all errors or omissions in processing or administering indices. Such control activities cannot guarantee protection against (among other things) fraudulent collusion especially on the part of those holding positions of authority or trust.

Management is responsible for ensuring that CFB complies with the UK BMR and so have specified control objectives which they assert, in the CF Benchmarks Limited Executive Statement on page 8, achieve compliance with the UK BMR. Whilst we perform procedures to test whether the control activities are suitably designed and operating effectively to achieve the related control objectives stated in the Description, we provide no assurance over whether Management’s specified control objectives achieve compliance with the UK BMR.

The validity and reliability of a benchmark is dependent on the input data provided to the benchmark administrators. Third parties (including digital assets exchanges) providing this input data are solely responsible for the completeness, accuracy, and integrity of this input data. Our procedures did not extend to control activities at third party input data providers, and we have not evaluated the suitability of the design or operating effectiveness of control activities at such third party input data providers. As a result, we do not express assurance over the third party input data.

Our opinion is based on historical information and the projection to the future of any evaluation of the fairness of the presentation of the Description, or the suitability of the design or operating effectiveness of the control activities to achieve the related control objectives is subject to the risk that control activities at a benchmark administrator may become ineffective.

### **Description of Tests of Control Activities**

The specific control activities tested and the nature, timing and results of those tests are detailed on pages 14 to 79.

### **Basis for Qualified Opinion**

With respect to the control objective in relation to Article 6(3)(a) *“To provide reasonable assurance that the CFB control framework includes the management of operational risk”*, the Description on pages 34 to 35 explains that all single asset reference rates and settlement prices, except the CF Staking Series, have a pre-publication parallel calculation control activity in place to reconcile the benchmark values and investigate discrepancies identified. As noted on pages 34 to 35, our tests of design identified that during the Period, the Staking Reward Rate (“SRR”) parallel calculation did not have a trigger for alerting discrepancies for investigation. These SRR values are used as an input to all the benchmarks in the CF Staking Series. As a result, there was a risk that operational errors in the calculation of the CF Staking Series were not identified prior to the benchmark’s publication.



The impact of this exception has resulted in the non-achievement of the control objective in relation to Article 6(3)(a) for the CF Staking Series only throughout the Period.

With respect to the control objective in relation to Article 12(1)(a) *“To provide reasonable assurance that CFB’s benchmark methodologies for determining its benchmarks are robust and reliable”*, the Description on pages 55 to 56 explains that, for the CF Classification Series and CF Capitalization Series, CFB must determine the free-float supply of each constituent asset (both Coin-Centric and Account-Centric tokens) for use in the methodologies. CFB source the free-float supply by querying the respective blockchains and transform the data into the effective free-float supply as prescribed in the Ground Rules. However, as noted on pages 55 to 56, our tests of design identified that during the Period, there were no re-performance control activities over this manual data capture and transformation process for both Coin-Centric and Account-Centric (only in relation to ERC-20) free-float supply. As a result, there was an increased risk that potential errors in the quarterly re-balancing process were not identified prior to announcing the new constituent weights.

The impact of this exception has resulted in the non-achievement of the control objective in relation to Article 12(1)(a) for the CF Classification Series and CF Capitalization Series only throughout the Period.

### Qualified Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion are those described in the CF Benchmarks Limited Executive Statement on page 8, which were designed by Management in context of the requirements of the UK BMR.

In our opinion, in all material respects:

- The Description on pages 13 to 79, Section 6 fairly presents CFB’s control system over the benchmark administration process for In-scope Indices as designed and implemented throughout the period from 12 September 2022 to 12 September 2024;
- Except for the matters described in the Basis for Qualified Opinion section of our report, the control activities related to the control objectives stated in the Description on pages 13 to 79, Section 6 were suitably designed to provide reasonable, but not absolute, assurance that the specified control objectives would be achieved if the described control activities were operating effectively throughout the period from 12 September 2022 to 12 September 2024; and
- Except for the matters described in the Basis for Qualified Opinion section of our report, the control activities tested, as set out on pages 13 to 79, Section 6 of this report, operated effectively throughout the period from 12 September 2022 to 12 September 2024, and were the control activities necessary to provide reasonable assurance that the control objectives stated in the Description were achieved.

Signed by:

**KPMG LLP**

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## 6. CFB Controls Tables and KPMG Testing

CFB was an administrator of Non-significant and Regulated-data Benchmarks during the Period. The tables in this section include the applicable UK BMR requirements (Article 4 – Article 14, Article 17, Article 26 – Article 28) to the benchmarks administered by CFB. The tables also include CFB’s related control objectives, business process and control descriptions. Each control table contains KPMG’s test procedures and associated results.

### Description of tests performed by KPMG LLP

Tests performed in connection with determining the design, implementation and operating effectiveness of control activities as detailed in this section are described below:

Test Procedure	Description
Enquiry	Enquire of appropriate CFB personnel. Enquiries were used to obtain, among other things, knowledge, and additional information about the control.
Inspection	Read documents and reports that contain an indication of performance of the control. This includes, among other things, examining management reports, operational logs, and other relevant documentation.
Observation	Observe the application of a specific control.

KPMG’s tests of design and operating effectiveness may identify exceptions in control activities. KPMG evaluate whether those control activities exceptions are material i.e. are such that the related control objective is not achieved and so whether their opinion should be qualified. This evaluation may include assessing the materiality of individual exceptions in control activities in the context of the related control objective as a whole, and considering whether there are compensating control activities and aggregating exceptions in all control activities related to the same control objective.



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 4. Governance and conflict of interest requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
4(1).	<p>An administrator shall have in place robust governance arrangements which include a clear organisational structure with well- defined, transparent and consistent roles and responsibilities for all persons involved in the provision of a benchmark. Administrators shall take adequate steps to identify and to prevent or manage conflicts of interest between themselves, including their managers, employees or any person directly or indirectly linked to them by control, and contributors or users, and to ensure that, where any judgement or discretion in the benchmark determination process is required, it is independently and honestly exercised.</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CF Benchmarks (CFB) has clear governance arrangements for administering its BMR benchmarks, including:</p> <ul style="list-style-type: none"> <li>a) Clear organisational structure;</li> <li>b) Well-defined roles and responsibilities for those involved in benchmark provision;</li> <li>c) Managing conflicts of interest; and</li> <li>d) Administering expert judgement.</li> </ul> <p><b>Business Process</b></p> <p>The <i>Governance and Oversight Framework</i> defines the organisational and governance structure of CFB's operations including the Oversight Organs. The CFB <i>Organisational Chart</i> outlines the employees and roles with respect to their reporting lines, with staff having defined and documented job descriptions. As a separate legal entity, CFB employees are the only individuals within the Payward Inc. Group involved in the administration of benchmarks.</p> <p><b>Control Description</b></p> <p>The <i>Governance and Oversight Framework</i> includes references to CFB's role as a Benchmark Administrator and sets out their position in the wider Payward, Inc. group (CFB is a member of Crypto Facilities group of companies, which is in turn a member of the Payward, Inc. group of companies). The framework is reviewed and approved on an annual basis and/or in the event of changes to benchmarks regulation by the Board of Directors.</p> <p>The CFB <i>Organisational Chart</i> is updated when structural business changes occur and reflects the current view of the active employees working with CFB. It is reviewed on an annual basis by the Compliance Officer, with the completion of the review logged within the <i>Compliance Monitoring Plan</i>.</p> <p>Employee job descriptions are added by Compliance to the <i>CFB Hires Job Descriptions</i> log on a running basis as when new hires join the firm. This includes items such as individual name, job title, and job responsibilities.</p> <p>Please refer to Articles 4(2) to 4(8) for business processes and control descriptions on conflicts of interest.</p>	<ul style="list-style-type: none"> <li>1) Obtained the <i>Governance and Oversight Framework</i> and inspected for evidence of:                         <ul style="list-style-type: none"> <li>a) the internal CFB organisational and governance structure.</li> <li>b) review and approval by the Board of Directors in line with the frequency noted in the Control Description.</li> </ul> </li> <li>2) Obtained and inspected the CFB <i>Organisational Chart</i> for evidence that it:                         <ul style="list-style-type: none"> <li>a) outlines the names of CFB staff, their locations, operational roles and responsibilities, and reporting lines for the various teams;</li> <li>b) is reviewed on an annual basis by the Compliance Officer and documented in the <i>Compliance Monitoring Plan</i>.</li> </ul> </li> <li>3) Enquired of changes in the business structure during the review period and inspected evidence of the CFB <i>Organisational Chart</i> to determine whether it had been updated accordingly.</li> <li>4) Obtained and inspected a sample of employee job descriptions for evidence that roles and responsibilities are documented in a consistent format including individual name, job title, date of hiring, responsibilities and requirements.</li> </ul> <p>Please refer to Articles 4(2) to 4(8) for test results on conflicts of interest.</p> <p>Please refer to Articles 4(6) and 11(1)(c) for test results on expert judgement.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>





**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 4. Governance and conflict of interest requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		Please refer to Articles 4(6) and 11(1)(c) for business processes and control descriptions on expert judgement.	
4(2).	The provision of a benchmark shall be operationally separated from any part of an administrator's business that may create an actual or potential conflict of interest.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's administration of benchmarks is operationally separate from other parts of the administrator's business so as to avoid actual or potential conflicts of interest.</p> <p><b>Business Process</b></p> <p>CF Benchmarks is a member of the Crypto Facilities Group of companies which is in turn a member of the Payward, Inc. group of companies. Payward, Inc. is the owner and operator of the Kraken Exchange, a venue that facilitates the trading of cryptocurrencies. The Kraken Exchange is a source of input data for CF Benchmarks indices.</p> <p>The management of the CFB index team is undertaken by the Chief Executive Officer (CEO) of CFB. Up until January 2023, the CEO of CFB was also Chair of the Governing Body at Crypto Facilities Ltd. The CEO of CFB holds no other positions within the Payward group of companies. No members of the CFB index team hold any other positions within the Payward group of companies. Should this change, the provisions of the CFB Conflicts of Interest Policy ensures that this is required to be recorded with mitigating measures in the CFB Conflicts of Interest Register.</p> <p><b>Control Description</b></p> <p>CF Benchmarks is a company solely dedicated to the provision of benchmarks and is governed by the CFB Board of Directors which comprises the Chief Executive Officer, an Executive Director, and an independent Non-Executive Director.</p> <p>The nature and composition of the CFB Board is defined within the <i>Terms of Reference</i>. This is reviewed by the Board of Directors on an annual basis.</p> <p>The CFB Board meets on a semi-annual basis. Meetings of the Board are formally minuted.</p> <p>The benchmarks are calculated in a dedicated technology environment that can only be accessed by CF Benchmarks staff and group ancillary support staff. For system access rights and permissions controls, see Article 6(3)(a).</p>	<p>1) Obtained the CFB Board of Director <i>Terms of Reference</i> and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>a) the nature and composition of the Board is as described in the Control Description;</li> <li>b) the meeting frequency is as described in the Control Description; and</li> <li>c) the document was reviewed on an annual basis.</li> </ul> <p>2) Obtained and inspected the <i>CFB Board of Director minutes</i> for evidence of meetings on at least a semi-annual basis.</p> <p>Please refer to Article 6(3)(a) for testing on system access rights and permissions controls.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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**Article 4. Governance and conflict of interest requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
4(3).	Where a conflict of interest arises within an administrator due to the latter's ownership structure, controlling interests or other activities conducted by any entity owning or controlling the administrator or by an entity that is owned or controlled by the administrator or any of the administrator's affiliates, that cannot be adequately mitigated, the FCA may require the administrator to establish an independent oversight function which shall include a balanced representation of stakeholders, including users and contributors.	<p>CFB has not identified conflicts relating to its ownership structure, controlling interests or other activities conducted by an entity owning or controlling CFB that cannot be adequately mitigated.</p> <p>Please refer to Article 4(6) for the business processes and control descriptions on the Conflicts of Interest Registers.</p>	Please refer to Article 4(6) for evidence of testing of Conflicts of Interest Register (Entity and Oversight Organs).
4(4).	If such a conflict of interest cannot be adequately managed, the FCA may require the administrator to either cease the activities or relationships that create the conflict of interest or cease providing the benchmark.		
4(5).	An administrator shall publish or disclose all existing or potential conflicts of interest to users of a benchmark, to the FCA and, where relevant, to contributors, including conflicts of interest arising from the ownership or control of the administrator.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB publishes or discloses all existing or potential conflicts of interest to the users of the Benchmarks and the FCA.</p> <p><b>Business Process</b></p> <p>CF Benchmarks publishes on its website the fact that its ultimate owner is Payward, Inc. operator of the Kraken Exchange, a source of input data to the benchmarks the firm provides. Payward, Inc. is also the owner and operator of Staked, where Staked.us is a source of input data for the CF Staking Series indices.</p> <p>The public <i>CME CF Conflicts of Interest Policy</i> provides guidance on potential conflicts of interest that may arise within CF Benchmarks including examples of potential conflicts.</p> <p><b>Control Description</b></p> <p>The public disclosure relating to the ownership structure of CFB is posted (and updated as required) on the public CFB website.</p> <p>The <i>CME CF Conflicts of Interest Policy</i> is reviewed by the CME CF Oversight Committee on an annual basis.</p>	<p>1) Obtained and inspected the public disclosure of the conflicts of interest from the CFB website.</p> <p>2) Inspected the CFB website to determine that the <i>CME CF Conflicts of Interest Policy</i> was published and provided guidance on potential conflicts that may arise within CFB.</p> <p>3) Obtained and inspected the <i>CME CF Conflicts of Interest Policy</i> for the annual review and sign-off by the CME CF Oversight Committee.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>





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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
4(6).	<p>An administrator shall establish and operate adequate policies and procedures, as well as effective organisational arrangements, for the identification, disclosure, prevention, management and mitigation of conflicts of interest in order to protect the integrity and independence of benchmark determinations. Such policies and procedures shall be regularly reviewed and updated. The policies and procedures shall take into account and address conflicts of interest, the degree of discretion exercised in the benchmark determination process and the risks that the benchmark poses, and shall:</p> <p>(a) ensure the confidentiality of information contributed to or produced by the administrator, subject to the disclosure and transparency obligations under this Regulation; and</p> <p>(b) specifically mitigate conflicts of interest due to the administrator's ownership or control, or due to other interests in the administrator's group or as a result of other persons that may exercise influence or control over the administrator in relation to determining the benchmark.</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB maintains adequate policies, procedures, and organisational arrangements that:</p> <ul style="list-style-type: none"> <li>• detect, manage, and mitigate conflicts of interest (including those related to CFB's ownership or control) to protect the integrity and independence of benchmark determination; and</li> <li>• ensure confidentiality of information contributed to or produced by CFB.</li> </ul> <p>To provide reasonable assurance that CFB's policies and procedures in relation to conflicts of interest are regularly reviewed and updated and take into account the degree of discretion exercised in benchmark determination.</p> <p><b>Business Process</b></p> <p>To manage conflicts of interest that may arise in the provision of the benchmarks, CFB has the following documentation in place:</p> <ul style="list-style-type: none"> <li>a) <i>CF Conflicts of Interest Policy</i>;</li> <li>b) <i>Staff Code of Conduct</i> (including Personal Account Dealing);</li> <li>c) <i>Conflicts of Interest Register (Employee)</i>; and</li> <li>d) <i>Conflicts of Interest Register (Entity and Oversight Organs)</i>.</li> </ul> <p>The <i>Conflicts of Interest Policy</i> is supported by the <i>Conflicts of Interest Register (Employee)</i> and <i>Conflicts of Interest Register (Entity and Oversight Organs)</i> which record all current and potential conflicts including the mitigants, owners of conflicts and review date.</p> <p><b>Control Description</b></p> <p>The <i>CF Conflicts of Interest Policy</i> sets out the following approaches in relation to conflicts of interest within CF Benchmarks:</p> <ul style="list-style-type: none"> <li>a) Identification of conflicts, including the 'Outside Business Interest Declaration Structure';</li> <li>b) Disclosure of conflicts;</li> <li>c) Management of conflicts; and</li> <li>d) Mitigation of conflicts, including how mitigation strategies are recorded and evaluated.</li> </ul> <p>The <i>Conflicts of Interest Policy</i> is reviewed on an annual basis by the CFB Board of Directors.</p>	<ol style="list-style-type: none"> <li>1) Obtained the <i>CFB Conflicts of Interest Policy</i> and inspected for evidence of:             <ol style="list-style-type: none"> <li>a) the procedures to identify, manage, monitor, and report conflicts of interest; and</li> <li>b) annual review and sign-off by the Board of Directors.</li> </ol> </li> <li>2) Obtained the <i>Staff Code of Conduct</i> and inspected for evidence of:             <ol style="list-style-type: none"> <li>a) minimum expectations on employees of CF Benchmarks in relation to Conflicts of Interest; and</li> <li>b) annual review and sign-off by the Board of Directors.</li> </ol> </li> <li>3) Obtained and inspected email confirmations evidencing the annual attestation to the <i>Staff Code of Conduct</i> by all staff, including new joiners upon joining the firm.</li> <li>4) Obtained the <i>Conflicts of Interest Register (Employee)</i> and inspected for evidence of:             <ol style="list-style-type: none"> <li>a) logging of employee level current and potential conflicts, as well as mitigating controls in place; and</li> <li>b) quarterly declarations of any conflicts of interest by CFB employees.</li> </ol> </li> <li>5) Obtained the <i>Conflicts of Interest Register (Entity and Oversight Organs)</i> and inspected for evidence of:             <ol style="list-style-type: none"> <li>a) logging of entity and Oversight Organ current and potential conflicts, as well as mitigating controls in place; and</li> <li>b) annual declarations of relevant conflicts of interest.</li> </ol> </li> <li>6) Obtained and inspected the <i>CFB Board of Director minutes</i> for evidence of <i>Conflicts of Interest Registers</i> review and further actions taken (where needed).</li> </ol> <p><b>Test Results:</b> No exceptions noted based on the procedures performed, except for:</p> <p>New joiners are trained on the Code of Conduct upon joining. Since the start of 2023, employees are required to attest that they have read, understood, and will comply to the Code of Conduct. Between September 2022 and January 2023, the</p>



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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
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		<p>The <i>Staff Code of Conduct</i> sets out minimum expectations on employees of CF Benchmarks, including in relation to Conflicts of Interest. The <i>Staff Code of Conduct</i> states that employees must avoid situations where personal interests could conflict, or appear to conflict, with the interests of the company and with the integrity of the benchmarks. In addition, it sets out how all members of staff are required to declare their actual and potential conflicts of interest by completing the Conflicts of Interest Declaration Template.</p> <p>The <i>Staff Code of Conduct</i> is reviewed and approved on an annual basis by the CFB Board of Directors.</p> <p>Upon joining, new hires have to attest (via email confirmation) to the <i>Staff Code of Conduct</i>. As of January 2023, all staff must attest to the Staff Code of Conduct on an annual basis.</p> <p>The <i>Conflicts of Interest Register (Employee)</i> is updated for declarations on a quarterly basis. The <i>Conflicts of Interest Register (Entity and Oversight Organs)</i> is updated on (at least) an annual basis.</p> <p>The Board of Directors reviews the <i>Conflicts of Interest Register (Employee)</i> and the <i>Conflicts of Interest Register (Entity and Oversight Organ)</i> at each Board meeting.</p>	<p>evidence of all five new joiners' conduct attestation was not collected.</p> <p><b>CFB Management Response:</b></p> <p>Acknowledged, active employees subsequently attested in the annual process. Since the start of 2023, new joiners are required to attest to the CFB Code of Conduct.</p>
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4(7).	<p>Administrators shall ensure that their employees and any other natural persons whose services are placed at their disposal or under their control and who are directly involved in the provision of a benchmark:</p>	<p><b>Business Process</b></p> <p>CFB maintains a robust hiring process to ensure qualified employees are assigned to their roles and periodic training for refreshing. This includes role-specific aptitude assessments.</p> <p>CFB also maintains the necessary policies (e.g., <i>Conflicts of Interest Policy</i>, <i>Staff Code of Conduct</i>) to outline the potential conflicts employees could face and the activities to monitor, mitigate, and manage them.</p> <p>The <i>Crypto Facilities Personnel Handbook</i> describes the appraisal process to formally review performance over the previous year and set objectives for the coming one.</p> <p>The CFB <i>Control Framework</i> document outlines that salary remuneration is determined in line with the company's performance only, and not the CF Group or wider Payward, Inc. group. It also notes that long-term incentives (e.g., stock options) in a CF Group or Payward Inc., are allowed but</p>	<p>Please see sub-articles below for testing performed.</p>
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		<p>administered with mitigating actions and entered in the Conflicts Registers. The mitigating actions are further outlined in the <i>Conflicts of Interest Policy</i>.</p> <p>The <i>Staff Code of Conduct</i> sets out restrictions in relation to Personal Account Dealing for CF Benchmarks Employees. Since April 2024, this has been supported by the <i>Personal Account Dealing Restricted List and Pre-Approval List</i> document.</p> <p>Please see <i>Control Objectives and Control Descriptions</i> below.</p>	
4(7)(a).	(a) have the necessary skills, knowledge and experience for the duties assigned to them and are subject to effective management and supervision;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's staff involved in the provision of a benchmark have the required skills, knowledge and experience to perform their duties and are subject to effective management and supervision.</p> <p><b>Control Description – Aptitude Assessments</b></p> <p>CFB request new candidates to complete relevant aptitude assessments during the hiring process. These are reviewed by the hiring managers.</p> <p><b>Control Description – Appraisal Process</b></p> <p>CF Benchmarks has probationary periods for new hires. The <i>Crypto Facilities Personnel Handbook</i> requires that staff are subject to a performance appraisal through Workday on at least an annual basis.</p> <p><b>Control Description – Technical Training</b></p> <p>CFB delivers technical training as per business requirements. During 2023, there were two training sessions delivered: 1) index-specific training; 2) technology infrastructure.</p> <p>Employee job descriptions are added to the <i>CFB Hires Job Descriptions</i> log on a running basis as when new hires join the firm. This includes items such as individual name, job title, and job responsibilities.</p> <p>The CFB <i>Organisational Chart</i> is updated when structural business changes occur and reflects the current view of the active employees working with CFB. This includes respective line management and reporting lines for each employee.</p>	<ol style="list-style-type: none"> <li>1) For a sample of employees from the benchmark provision team, obtained and inspected aptitude assessments for evidence of completion prior to hiring.</li> <li>2) Obtained the <i>Crypto Facilities Personnel Handbook</i> and inspected for evidence that the appraisal process is performed on an annual basis.</li> <li>3) Obtained and inspected a sample employee appraisal for evidence of timely review.</li> <li>4) Obtained and inspected evidence of attendance to the technical training in 2023.</li> </ol> <p>Please refer to Article 4(1) for further testing on the employee job descriptions and the Organisational Chart.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
4(7)(b).	(b) are not subject to undue influence or conflicts of interest and that the compensation and performance evaluation of those persons do not create conflicts of interest or otherwise impinge upon the integrity of the benchmark determination process;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's staff involved in the provision of a benchmark are not subject to undue influence or conflicts of interest and that compensation and performance evaluation do not create conflicts of interest.</p> <p><b>Control Description</b></p> <p>For controls relating to the identification and mitigation of employee level conflicts of interest refer to Article 4(6).</p> <p>The <i>Conflicts of Interest Policy</i> documents potential conflicts deriving from employee remuneration along with the mitigating measures.</p> <p>The CFB <i>Control Framework</i> document requires that employee remuneration is linked only to the performance of CFB and not CF Group or the wider Payward Inc. Group.</p> <p>Where any CFB employee exercises any long-term incentive (such as stock option or equity participation) in a CF Group or Payward Inc. Group, this is logged into the Conflicts of Interest Register (Employee) to include:</p> <ul style="list-style-type: none"> <li>a) Name of exerciser;</li> <li>b) Execution date and time;</li> <li>c) Numbers of shares sold/options exercised; and</li> <li>d) Price.</li> </ul> <p>New joiners are required to undergo training upon joining that includes topics such as conflicts of interest, code of conduct, and Personal Account Dealing (PAD).</p>	<ol style="list-style-type: none"> <li>1) Obtained the <i>Conflicts of Interest Policy</i> and inspected for evidence of mitigating measures in relation to employee remuneration including stock options or equity participation.</li> <li>2) Obtained and inspected the <i>Control Framework</i> and inspected for evidence that it requires the remuneration of CFB employees to be linked to the performance of CFB only.</li> <li>3) Obtained the <i>Conflicts of Interest Register (Employee)</i> and inspected to determine whether exercised shares/options by CFB employees in Payward Inc. are recorded in line with the control description.</li> <li>4) Obtained the new joiner training material and inspected for material on conflicts of interest, code of conduct, and Personal Account Dealing.</li> <li>5) Obtained and inspected evidence of timely training assigned to new joiners and evidence of subsequent completion.</li> </ol> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
4(7)(c).	(c) do not have any interests or business connections that compromise the activities of the administrator concerned;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's staff involved in the provision of a benchmark do not have any interests or business connections that compromise the activities of CFB.</p> <p><b>Control Description</b></p> <p>For controls relating to the identification and mitigation of employee level conflicts of interest refer to Article 4(6)</p>	<p>Please refer to Article 4(6) for testing on the identification and mitigation of employee level conflicts of interest</p>



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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
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4(7)(d).	(d) are prohibited from contributing to a benchmark determination by way of engaging in bids, offers and trades on a personal basis or on behalf of market participants, except where such way of contribution is explicitly required as part of the benchmark methodology and is subject to specific rules therein; and	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's staff involved in the provision of a benchmark are prohibited from contributing to a benchmark determination by way of engaging in bids, offers and trades on a personal basis or on behalf of market participants.</p> <p><b>Control Description</b></p> <p>The <i>Staff Code of Conduct</i> sets out the Personal Account Dealing restrictions in relation to CF Benchmarks employees. It notes that persons employed by CF Benchmarks are restricted from:</p> <ul style="list-style-type: none"> <li>a) Dealing in a trading pair on a trading venue that is an input data source for the CF Benchmark referencing that trading pair.</li> <li>b) Dealing in assets that reference a CF Benchmark.</li> </ul> <p>In addition, employees are required to declare any Ether staking positions as well as provided information on a quarterly basis in relation to changes to staked Ether positions.</p> <p>The <i>Staff Code of Conduct</i> is reviewed and signed off on an annual basis and CF Benchmarks employees must attest to the <i>Staff Code of Conduct</i> (see Article 4(6)).</p> <p>Since April 2024 a <i>Personal Account Dealing Restricted List and Pre-Approval List</i> has been maintained as a supplementary document to the Staff Code of Conduct. This documents:</p> <ul style="list-style-type: none"> <li>a) All product types that CF Benchmarks employees may not trade; and</li> <li>b) The products for which CF Benchmarks employees require pre-approval to trade.</li> </ul> <p>The <i>Personal Account Dealing Restricted List and Pre-Approval List</i> is reviewed and updated on a quarterly basis by the CF Benchmarks Compliance Function under the authority of the Board of Directors of CF Benchmarks.</p> <p>The log of Personal Account Dealings is maintained as part of the <i>Conflicts of Interest Register (Employee)</i>. All CF Benchmarks employees are required to enter personal account dealing on a quarterly basis and include the following details:</p> <ul style="list-style-type: none"> <li>a) Asset</li> <li>b) Venue</li> </ul>	<ul style="list-style-type: none"> <li>1) Obtained the <i>Staff Code of Conduct</i> and inspected to determine whether it included the Personal Account Dealing restrictions as set out within the Control Description.</li> <li>2) Obtained the <i>Personal Account Dealing Restricted List and Pre-Approval List</i> and inspected to determine whether: <ul style="list-style-type: none"> <li>a) it included the list of product types CF Benchmarks employees may not trade, as well as those that require pre-approval to trade.</li> <li>b) It was subject to quarterly review and sign-off.</li> </ul> </li> <li>3) Obtained and inspected the <i>Conflicts of Interest Register (Employee)</i> to determine whether: <ul style="list-style-type: none"> <li>a) It included details of CF Benchmarks employees Personal Account Dealing.</li> <li>b) It was updated on a quarterly basis based on information provided by CF Benchmarks employees regarding their Personal Account Dealing.</li> </ul> </li> <li>4) Obtained and inspected <i>CFB Board of Director minutes</i> to determine whether: <ul style="list-style-type: none"> <li>a) The <i>Conflicts of Interest Register (Employee)</i>, including details related to Personal Account Dealing, was presented at every meeting.</li> <li>b) Any breaches to the Personal Account Dealing policy were investigated, with the results presented at the CFB Board meeting.</li> </ul> </li> </ul> <p>Please refer to 4(6) for testing in relation to the annual review and sign-off of the Staff Code of Conduct, as well as employee attestations to it.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>c) Time and Date of Transaction                      d) Volume of Transaction                      e) For Ether staking: (i) Existing staked Ether positions including staking provider; (ii) Quarterly changes to staked Ether positions.                      The <i>Conflicts of Interest Register (Employee)</i>, including any breaches to the Personal Account Dealing Policy is presented to the CF Benchmarks Board at each meeting.</p>	
4(7)(e).	<p>(e) are subject to effective procedures to control the exchange of information with other employees involved in activities that may create a risk of conflicts of interest or with third parties, where that information may affect the benchmark.</p>	<p>Benchmarks are calculated in a CFB dedicated technology environment that can only be accessed by CF Benchmarks staff and group ancillary support staff. For system access rights and permissions controls, see Article 6(3)(a).</p>	<p>Please refer to 6(3)(a) for testing in relation to system access rights and permission controls.</p>
4(8).	<p>An administrator shall establish specific internal control procedures to ensure the integrity and reliability of the employee or person determining the benchmark, including at least internal sign-off by management before the dissemination of the benchmark.</p>	<p>New and existing CF Benchmarks employees are subject to training and performance appraisals. See Article 4(7)(a) and 4(7)(b) respectively.                       CFB's Benchmarks are calculated in a fully automated manner with controls in place to monitor the integrity of the input data and benchmark calculations. See Article 11.</p>	<p>Please refer to Article 4(7)(a) and 4(7)(b) for further testing on the appraisal process and training respectively.</p>



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**Article 5. Oversight function requirements**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
5(1).	<p>Administrators shall establish and maintain a permanent and effective oversight function to ensure oversight of all aspects of the provision of their benchmarks.</p>	<p><b>Control Objective</b> To provide reasonable assurance that CFB maintains an effective oversight function that ensures oversight of all aspects of the benchmark provision.</p> <p><b>Business Process</b> CFB has two ‘Oversight Organs’ that provide oversight to the in-scope benchmarks that fall within one of two families:</p> <ul style="list-style-type: none"> <li>A. ‘<b>CME CF Oversight Committee</b>’ provides oversight on the ‘CME CF Cryptocurrency Pricing Products’</li> <li>B. ‘<b>CF Oversight Function</b>’ provides oversight on the ‘CF Cryptocurrency Index Family’</li> </ul>	<p><b>A. CME CF Oversight Committee</b></p> <ul style="list-style-type: none"> <li>1) Obtained and inspected the <i>CME CF Oversight Committee Founding Charter</i> and the <i>CME CF Oversight Committee minutes</i> for evidence that:                             <ul style="list-style-type: none"> <li>a) The CME CF Oversight Committee meetings occurred at least quarterly;</li> <li>b) The <i>CF Oversight Committee Founding Charter</i> was reviewed annually by the CME CF Oversight Committee.</li> </ul> </li> </ul> <p><b>B. CF Oversight Function</b></p> <ul style="list-style-type: none"> <li>2) Obtained and inspected the <i>CF Oversight Function Specifications</i> and the <i>CF Oversight Function minutes</i> for evidence that:                             <ul style="list-style-type: none"> <li>a) The CF Oversight Function Committee meets at least quarterly; and</li> <li>b) The <i>CF Oversight Function Specification</i> is reviewed annually by the CF Oversight Function.</li> </ul> </li> </ul> <p><b>Test Results for A &amp; B:</b> No exceptions noted based on the procedures performed, except for: The Terms of Reference of the two Oversight Organs specify that they meet at a minimum on a quarterly basis.</p>
		<p><b>Control Description – A. CME CF Oversight Committee</b> The <i>CME CF Oversight Committee Founding Charter</i> documents the purpose of the ‘CME CF Oversight Committee’ as to review and challenge all aspects of the methodologies of the ‘CME CF Cryptocurrency Pricing Products’ family and calculation processes and provide effective oversight of CFB as the Administrator of these. The <i>CME CF Oversight Committee Founding Charter</i> states that the ‘CME CF Oversight Committee’ meets (at minimum) on a quarterly basis. The <i>CME CF Oversight Committee Founding Charter</i> is reviewed and approved on an annual basis by the ‘CME CF Oversight Committee’.</p>	
		<p><b>Control Description – B. CF Oversight Function</b> The <i>CF Oversight Function Specification</i> documents the purpose of the ‘CF Oversight Function’ as to review and challenge all aspects of the methodologies of the ‘CF Cryptocurrency Index Family’ and calculation processes and provide effective oversight of CFB as the Administrator of these. The <i>CF Oversight Function Specifications</i> states that the ‘CF Oversight Committee’ meets (at minimum) on a quarterly basis. The <i>CF Oversight Function Specification</i> is reviewed and approved on annual basis by the ‘CF Oversight Function’.</p>	





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**Article 5. Oversight function requirements**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
5(2).	Administrators shall develop and maintain robust procedures regarding their oversight function, which shall be made available to the FCA.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB maintains robust procedures with regards to their oversight functions and that these are made available to the FCA.</p> <p>Please refer to Article 5(1) for business processes of the <i>CME CF Oversight Committee Founding Charter</i> and the <i>CF Oversight Function Specifications</i>.</p> <hr/> <p><b>Control Description</b></p> <p><b>A. CME CF Oversight Committee</b></p> <p>The <i>CME CF Oversight Committee Founding Charter</i> and the <i>CME CF Oversight Committee minutes</i> are made publicly available on the CFB website.</p> <hr/> <p><b>B. CF Oversight Function</b></p> <p>The <i>CF Oversight Function Specifications</i> and the <i>CF Oversight Function minutes</i> are made publicly available on the CFB website.</p>	<p>During the two-year review period, the CME CF Oversight Committee met six times. The CF Oversight Function met seven times.</p> <p><b>CFB Management Response:</b></p> <p>Acknowledged, during the period the business considered that the meeting frequency had provided sufficient oversight coverage. Terms of Reference have now been updated to reflect the Oversight meeting requirements.</p> <hr/> <p><b>A. CME CF Oversight Committee</b></p> <p>1) Inspected the CFB website to confirm that the <i>CME CF Oversight Committee Founding Charter</i> and the <i>CME CF Oversight Committee minutes</i> are publicly available on the CFB website.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p> <hr/> <p><b>B. CF Oversight Function</b></p> <p>2) Inspected the CFB website to confirm that the <i>CF Oversight Function Specifications</i> and the <i>CF Oversight Function minutes</i> are publicly available on the CFB website.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
5(3).	The oversight function shall operate with integrity and shall have the following responsibilities, which shall be	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB oversight functions operate with integrity and have the following responsibilities:</p>	





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**Article 5. Oversight function requirements**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
	adjusted by the administrator based on the complexity, use and vulnerability of the benchmark:	<ul style="list-style-type: none"> <li>a) Review benchmark definition and methodology at least annually;</li> <li>b) Oversee any changes to the benchmark methodology;</li> <li>c) Oversee the control framework and the management &amp; operations of the benchmark;</li> <li>d) Review and approve procedures for benchmark cessation;</li> <li>e) Oversee third parties involved in benchmark provision;</li> <li>f) Assess internal/external audits;</li> <li>g) Where benchmark based on input data from contributors, monitor the input data and the contributors;</li> <li>h) Where benchmark based on input data from contributors, take measures following breaches to the code of conduct; and</li> <li>i) Report to the FCA any misconduct or suspicious input data.</li> </ul>	
	<ul style="list-style-type: none"> <li>a) reviewing the benchmark’s definition and methodology at least annually;</li> <li>b) overseeing any changes to the benchmark methodology and being able to request the administrator to consult on such changes;</li> <li>c) overseeing the administrator’s control framework, the management and operation of the benchmark, and, where the benchmark is based on input data from contributors, the code of conduct referred to in Article 15;</li> <li>d) reviewing and approving procedures for cessation of the benchmark, including any consultation about a cessation;</li> <li>e) overseeing any third party involved in the provision of the benchmark, including calculation or dissemination agents;</li> <li>f) assessing internal and external audits or reviews, and monitoring the implementation of identified remedial actions;</li> <li>g) where the benchmark is based on input data from contributors, monitoring the input data and contributors and the actions of the administrator in challenging or validating contributions of input data;</li> <li>h) where the benchmark is based on input data from contributors, taking effective measures in respect of any breaches of the code of conduct referred to in Article 15; and</li> <li>i) reporting to the FCA any misconduct by contributors, where the benchmark is based on input data from contributors, or administrators, of which the oversight function becomes aware, and any anomalous or suspicious input data.</li> </ul>	<p><b>Business Process</b></p> <p><b>A. CME CF Oversight Committee</b></p> <p>The <i>CME CF Oversight Committee Founding Charter</i> outlines the responsibilities that the ‘CME CF Oversight Committee’ performs to operate the benchmark provision process with integrity.</p> <p><b>Control Description</b></p> <p><b>A. CME CF Oversight Committee</b></p> <p>The ‘CME CF Oversight Committee’ meets at a minimum on a quarterly basis, with meetings formally minuted. The <i>CME CF Oversight Committee Founding Charter</i> states the responsibilities of the ‘CME CF Oversight Committee’, including:</p> <ul style="list-style-type: none"> <li>a) Review on (at least) an annual basis the <i>CME CF Real Time Indices Methodology</i> and the <i>CME CF Reference Rates Methodology</i>;</li> <li>b) Oversee any changes to the benchmark methodologies and approve any substantive changes to methodology and distribution;</li> <li>c) Review the adequacy of the control framework relating to Cryptocurrency Pricing Products;</li> <li>d) Review and approve procedures for cessation of any of the CME CF Cryptocurrency Pricing Products (including potential cessations);</li> <li>e) Review the results of any audit of the Cryptocurrency Pricing Products and provide oversight to the response and remediation; and</li> </ul>	<p><b>A. CME CF Oversight Committee</b></p> <ul style="list-style-type: none"> <li>1) Obtained and inspected the <i>CME CF Oversight Committee Founding Charter</i> for evidence of the responsibilities described in the control description.</li> <li>2) Obtained the <i>CME CF Oversight Committee minutes</i> and inspected for evidence of: <ul style="list-style-type: none"> <li>a) the annual review of the benchmark methodologies in scope;</li> <li>b) any changes to the benchmark methodologies;</li> <li>c) review of the adequacy of the control framework;</li> <li>d) the review and approval of any benchmark cessations or consultations of cessations;</li> <li>e) the review of any audits and subsequent remedial actions in the review period; and</li> <li>f) the reporting of any instances of misconduct, anomalous, or suspicious input data and corrective actions taken.</li> </ul> </li> </ul> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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**Article 5. Oversight function requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>f) Report any instances of misconduct by CFB and any anomalous or suspicious input data to the relevant supervisory authority.</p>	
		<p><b>Business Process</b>  <b>B. CF Oversight Function</b>                      The <i>CF Oversight Function Specifications</i> describes the duties the 'CF Oversight Function' performs such that their benchmark provision process is operated with integrity.</p> <p><b>Control Description</b>  <b>B. CF Oversight Function</b>                      The 'CF Oversight Function' meets at a minimum on a quarterly basis, with meetings formally minuted. The CF Oversight Function Specifications outlines the tasks of the 'CF Oversight Function', including:</p> <ul style="list-style-type: none"> <li>a) Review on (at least) an annual basis the benchmark definitions for in scope benchmarks and their methodologies;</li> <li>b) Provide oversight to changes to the in-scope benchmark methodologies;</li> <li>c) Review and challenge the CF Benchmarks Control Framework at a frequency commensurate with the level of conflicts identified by the CF Benchmarks Conflicts of Interest Policy and recorded in the CFB Conflicts of Interest Registers;</li> <li>d) Provide oversight to CFB's consultation with stakeholders for any instances of benchmark cessation;</li> <li>e) Provide oversight to internal or external audits and monitor implementation of any remedial actions; and</li> <li>f) Report any misconduct by CFB to the FCA.</li> </ul>	<p><b>B. CF Oversight Function</b></p> <ul style="list-style-type: none"> <li>1) Obtained and inspected the CF Oversight Function Specifications for evidence of the responsibilities described in the control description.</li> <li>2) Obtained the CF Oversight Function minutes and inspected for evidence of:                             <ul style="list-style-type: none"> <li>a) the annual review of the benchmark methodologies in scope;</li> <li>b) any changes to the benchmark methodologies;</li> <li>c) review of the adequacy of the control framework;</li> <li>d) the review and approval of any benchmark cessations or consultations of cessations;</li> <li>e) the review of any audits and subsequent remedial actions in the review period; and</li> <li>f) the reporting of any instances of misconduct, anomalous, or suspicious input data and corrective actions taken.</li> </ul> </li> </ul> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
		<p>CFB does not utilise third parties for the provisioning of its benchmarks and therefore does not reflect Article 5(3)(e) within the Oversight Organ's responsibilities. For more details on AWS (CFB's cloud provider for the majority of the system infrastructure), please see Article 10.</p> <p>CFB does not utilise contributed data in any of its benchmark determinations and therefore does not reflect Article 5(3)(g) or 5(3)(h) within the Oversight Organ's responsibilities.</p>	<p>Please refer to Article 5(1) for testing on the annual review of the <i>CME CF Oversight Committee Founding Charter</i> and the <i>CF Oversight Function Specifications</i>.</p>



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 5. Oversight function requirements**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
5(4).	The oversight function shall be carried out by a separate committee or by means of another appropriate governance arrangement.	<p><b>Control Objective</b> To provide reasonable assurance that CFB’s oversight functions are carried out by a separate committee or by another appropriate governance arrangement.</p> <hr/> <p><b>Business Process</b> <b>A. CME CF Oversight Committee</b> The membership of the ‘CME CF Oversight Committee’ is outlined in the <i>CME CF Oversight Committee Founding Charter</i>. It notes that the Committee will comprise at least five members, including at least:</p> <ul style="list-style-type: none"> <li>a) two representatives from CME;</li> <li>b) one representative from CFB;</li> <li>c) two who bring expertise and industry knowledge to benchmark determination, issuance, and operations; and</li> <li>d) one non-voting member drawn from CFB Compliance function for UK BMR compliance guidance.</li> </ul> <p>The list of representatives is set out within the <i>Members of CME CF Oversight Committee</i> document.</p> <p><b>Control Description</b> <b>A. CME CF Oversight Committee</b> The list of <i>Members of CME CF Oversight Committee</i> is updated each time there is an update to the representatives of the CME CF Oversight Committee and noted within the Committee minutes. The <i>CME CF Oversight Committee Founding Charter</i> notes that quorum of the ‘CME CF Oversight Committee’ is the majority of members being present.</p> <hr/> <p><b>Business Process</b> <b>B. CF Oversight Function</b> The ‘CF Oversight Function’ is undertaken by an individual with criteria specified in the <i>CF Oversight Function Specifications</i> as:</p> <ul style="list-style-type: none"> <li>a) Not involved in the day-to-day provision of benchmarks;</li> <li>b) Has the necessary experience of oversight roles to give independent and objective review and challenge to the management body CFB; and</li> <li>c) Is subject to the CF Benchmarks Conflict of Interest Policy.</li> </ul> <p>Meetings are attended by the CFB CEO and CFB Compliance Officer.</p>	<p><b>A. CME CF Oversight Committee</b> 1) Obtained and inspected the list of <i>Members of CME CF Oversight Committee</i> to determine:</p> <ul style="list-style-type: none"> <li>a) whether it was updated to reflect any appointments or removals during the review period.</li> <li>b) Representatives met the conditions set out within the <i>CME CF Oversight Committee Founding Charter</i></li> </ul> <p>2) Obtained and inspected the <i>CME CF Oversight Committee minutes</i> for evidence of a quorum of majority members.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p> <hr/> <p><b>B. CF Oversight Function</b> 1) Obtained and inspected minutes of the CFB Board of Directors to determine:</p> <ul style="list-style-type: none"> <li>a) whether appointments to the role of CF Oversight Function were notified.</li> <li>b) The individual carrying out the role of CF Oversight Function met the conditions set out within the CF Oversight Function Specifications.</li> </ul>



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**Article 5. Oversight function requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p><b>Control Description</b>  <b>B. CF Oversight Function</b>                      Appointments to the role of the CF Oversight Function are notified to the CFB Board of Directors and noted within the Committee minutes.                      The <i>CF Oversight Function Specifications</i> notes that quorum of the 'CF Oversight Function is at least one representative of CFB and one from CFB Compliance Function, in addition to the individual undertaking the Function.</p>	<p>2) Obtained and inspected the <i>CF Oversight Function minutes</i> for evidence of attendance as per the Control Description.   <b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
5(5).	<p>The FCA may make technical standards to specify:</p> <ul style="list-style-type: none"> <li>a) The procedures regarding the oversight function and the characteristics of the oversight function including its composition as well as its positioning within the organisational structure of the administrator, so as to ensure the integrity of the function and the absence of conflicts of interest.</li> <li>b) A non-exhaustive list of appropriate governance arrangements as laid down in paragraph 4.</li> </ul> <p>The technical standards shall distinguish between the different types of benchmarks and sectors as set out in this Regulation and when making the standards, the FCA shall take into consideration the differences in the ownership and control structure of administrators, the nature, scale and complexity of the provision of the benchmark, and the risk and impact of the benchmark, also in light of international convergence of supervisory practice in relation to governance requirements of benchmarks. However, the technical standards shall not cover or apply to administrators of non-significant benchmarks.</p>	<p>CFB only administers non-significant benchmarks and as a result have not applied these technical standards.</p>	<p>No testing performed as this provision is not applicable to CFB in the period.</p>



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**Article 6. Control framework requirements**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
6(1).	Administrators shall have in place a control framework that ensures that their benchmarks are provided and published or made available in accordance with this Regulation.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB maintains a control framework that ensures Benchmarks are published and maintained in accordance with the UK BMR and that the control framework is proportionate to the:</p>	<p>1) Obtained and inspected the <i>Control Framework</i> document for evidence that it documents CFB risks and mitigating controls.</p> <p>2) Obtained the <i>Control Framework</i> document for evidence of annual review by the CFB Compliance Officer and Chief Technical Officer.</p> <p>3) Obtained and inspected the CFB Board of Directors minutes (post July 2024) for evidence of the review and approval of the <i>Control Framework</i> document in line with the frequency noted in the Control Description.</p>
6(2).	The control framework shall be proportionate to the level of conflicts of interest identified, the extent of discretion in the provision of the benchmark and the nature of the benchmark input data.	<ul style="list-style-type: none"> <li>• Level of conflicts of interest identified;</li> <li>• Extent of Discretion in the provision of the Benchmark; and</li> <li>• Nature of Benchmark input data.</li> </ul> <p><b>Business Process</b></p> <p>The CF Benchmarks <i>Control Framework</i> document promotes benchmark integrity and robust Benchmark administration through identifying key risks and ensuring that necessary mitigating controls are in place to adequately manage those risks.</p> <p>Section 2 (Introduction and Scope) of the <i>Control Framework</i> document includes:</p> <p>a) A description of how the conflicts recorded within the <i>Conflicts of Interest Register</i> have informed the Control Framework in relation to Conflicts of Interest Controls; and</p> <p>b) A description of the extent of discretion used within the provision of the CFB Benchmarks, as well as the nature of the Input Data. These approaches are taken into consideration with regards to the Operational and Input Data controls contained within the CFB <i>Control Framework</i> document.</p> <p><b>Control Description</b></p> <p>The CFB <i>Control Framework</i> document defines the key risks in relation to CFB’s Benchmark Administration activities and the mitigating controls CFB has in place to manage these risks.</p> <p>The <i>Control Framework</i> document is owned by the Compliance Function and is required to be reviewed on no less than an annual basis and when there has been a material change in the business.</p> <p>The <i>Control Framework</i> document is approved on an annual basis by the CFB Compliance Officer and by the Chief Technical Officer.</p>	<p>For testing relating to the implementation of components of the Control Framework:</p> <ul style="list-style-type: none"> <li>• Refer to Article 4 for conflicts of interest controls.</li> <li>• Refer to Article 6(3)(a) for operational controls.</li> <li>• Refer to Article 11 for input data controls.</li> <li>• Refer to Article 6(3)(b) &amp; 6(3)(c) for business continuity, disaster recovery and contingency controls.</li> <li>• Refer to Article 10 for outsourced activities.</li> </ul> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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**Article 6. Control framework requirements**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
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As of July 2024, the *Control Framework* document is approved by the CFB Board of Directors on an annual basis and/or in the event of changes to Benchmarks Regulation.

6(3).	The control framework shall include:	<b>Business Process</b>	<i>Please see sub-articles below for testing performed.</i>
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The *Control Framework* document identifies the key risks and mitigating controls in relation to CFB’s Benchmark Administration activities, including:

- a) Conflicts of Interest controls (refer to Article 4 for further details)
- b) Input Data controls (refer to Article 11 for further details)
- c) Oversight of Outsourced activities (refer to Article 10 for further details)
- d) Operational Controls, including IT system access and change controls (see description below under ‘*Operational Controls*’ heading)
- e) Business Continuity and Disaster Recovery (see description below under ‘*Business Continuity*’ heading)

Where relevant, the *Control Framework* refers to controls contained within other CFB Policies, including the:

- a) *Operational Framework*; and
- b) *Business Continuity Policy*.

**Operational Controls**

For their benchmark determination, CFB utilises a suite of applications (see Appendix 1) categorised as either:

- a) Amazon Web Services (AWS) applications;
- b) CFB-developed applications hosted on AWS; and
- c) Third-party applications.

Any access requests (new, change, removal) to the applications used by CFB in their benchmark determination process (see Appendix 1 for list) must be approved by senior personnel or direct line managers for:

***Amazon Web Services (AWS) Applications***



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User access to these applications was managed through Identity Access Management (IAM) until June 2024 when CFB began transitioning to Single Sign-on (SSO) through Opal.

**CFB-developed Applications**

User access to these applications is managed through the ‘Admin tool’. Access to the tool was managed through the Okta system until July 2023 when CFB transitioned to SSO through Opal.

**Third-Party Applications – GitLab, PagerDuty, Google Cloud Platform**

CFB third-party applications in scope of the review are:

- a) GitLab: used for source code management;
- b) PagerDuty: alarm notification system;
- c) Google Cloud Platform (GCP): to source certain input data.

User access to these applications is either through SSO or IAM and is managed on the specific application dashboards.

For implementing changes to existing products, launching new indices, or fixing bugs, CFB uses the third-party application ‘GitLab’ for source code change management. The change control workflow is noted in section 9 of the CFB *Operational Framework*.

Any changes to the code are first tested on local desktop. Merge requests (MRs) are created to pass the changes onto the UAT environment (for further testing) and eventually to the Production (PROD) environment.

All merge requests (MRs) in a queue are deployed to the PROD environment on a bi-weekly basis through the ‘release’ branch on GitLab.

Change tickets through Jira (which may include multiple MRs) are created before the start of UAT testing. These are resolved once the changes are released to PROD and are subsequently tracked in a log which includes all previous version releases.

See Article 6(3)(a) below for Control Objective, Control Description and Testing in relation to the Operational Controls.

**Business Continuity**



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BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
		<p>The <i>Business Continuity Policy</i> is designed to provide an effective response to an emergency that may threaten the firm's normal business cycle.</p> <p>See Article 6(3)(b-c) below for Control Objective, Control Description and Testing in relation to Business Continuity.</p>	
6(3)(a).	(a) management of operational risk;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that the CFB control framework includes the management of operational risk.</p> <p><b>A. Control Description – Operational Framework</b></p> <p>The CFB <i>Operational Framework</i> document details controls in relation to index operations, systems monitoring, benchmark manipulation monitoring, validation of input data, system security, and change controls.</p> <p>The <i>Operational Framework</i> is reviewed on (at least) an annual basis. Implementation and maintenance of the <i>Operational Framework</i> is the responsibility of the Chief Technology Officer (CTO).</p> <p>From July 2024 onwards, the <i>Operational Framework</i> document is approved by the CFB Board of Directors on an annual basis and/or in the event of changes to the Benchmarks Regulation.</p> <hr/> <p><b>B. Control Description – System Access to Amazon Web Services (AWS) Applications</b></p> <p>User access approvals are managed through:</p> <ul style="list-style-type: none"> <li>a) IAM – user access is managed through role-based approval following a ticket being raised;</li> <li>b) SSO (Opal) (from June 2024 onward) – CFB Infrastructure groups have user access approved by either the CFB CEO, CTO, or Head of Product (HoP); and</li> <li>c) The <i>Annual Security Review Log</i> is updated by the CTO on (at least) an annual basis with snapshots of user access for AWS IAM.</li> </ul>	<p><b>A. Operational Framework</b></p> <ul style="list-style-type: none"> <li>1) Obtained and inspected the CFB <i>Operational Framework</i> and inspected for evidence of:                         <ul style="list-style-type: none"> <li>a) Details of controls relation to management of operational risk in relation to the determination of the benchmarks.</li> <li>b) Review and sign-off of the <i>Operational Framework</i> on at least an annual basis by the CTO.</li> </ul> </li> <li>2) Obtained and inspected the CFB Board of Directors minutes (post July 2024) for evidence of approval of the <i>Operational Framework</i> document in line with the frequency noted in the Control Description.</li> </ul> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p> <hr/> <p><b>B. AWS Applications</b></p> <ul style="list-style-type: none"> <li>1) For AWS IAM, obtained a sample of new/change/removal requests in the review period and inspected for evidence these were approved.</li> <li>2) For the CFB Infrastructure Roles on Opal, obtained a sample of new/change/removal requests in the review period and inspected for evidence these were approved by the CFB CEO, CTO, or HoP.</li> <li>3) Obtained and inspected the <i>Annual Security Review Log</i> for evidence of (at least) annual snapshots of user access of AWS IAM.</li> </ul> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>





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**C. Control Description – System Access to CFB-developed Applications**

User access is managed within the Admin tool through:

- a) Okta system (until July 2023) – user access through role-based approval with weekly automated emails summarising access status; and
- b) SSO (Opal) (from July 2023 onwards) –user access approved by either the CFB CEO, CTO, or Head of Product (HoP).

**C. CFB-developed Applications**

- 1) For access to the Admin tool through Okta, obtained a sample of new/change/removal requests in the review period and inspected for evidence these were approved.
- 2) For access to the Admin tool through Okta, obtained and inspected a sample of the weekly automated emails for evidence of the user access status.
- 3) For access to the Admin tool through Opal, obtained a sample of new/change/removal requests in the review period and inspected for evidence these were approved by the CFB CEO, CTO, or HoP.

**Test Results:** No exceptions noted based on the procedures performed.

**D. Control Description – System Access to Third-Party Applications**

User access is granted to third party applications based on specific roles. The following sets out who may grant access to:

- a) GitLab: CFB senior systems engineer, senior index engineer, CTO, and Payward Inc. DevOps;
- b) Google Cloud Platform (GCP): CFB senior index engineer, CTO, and Payward Inc. system admins; and
- c) PagerDuty: CFB senior systems engineer, senior index engineer, CTO, and Head of Product (HoP).

**D. Third-Party Applications**

- 1) Obtained and inspected evidence of the roles that can grant user access as per the control description for GitLab, GCP, and PagerDuty.
- 2) Obtained and inspected the *Annual Security Review Log* for evidence of (at least) annual snapshots of user access to GitLab, GCP, Google Workspace, and PagerDuty.

**Test Results:** No exceptions noted based on the procedures performed.

Since July 2024, the *Annual Security Review Log* is updated by the CTO on (at least) an annual basis with snapshots of active users for GitLab, GCP, Google Workspace, and PagerDuty.

**E. Control Description – System Changes**

CFB Systems engineers, Index engineers, and Product team form a group of ‘Developers and Owners’ that can submit merge requests on GitLab. These must be approved by a different member of the group.

Changes that are released to PROD are logged as tickets through Jira and must have passed at least UAT.

**E. System Changes**

- 1) Inspected GitLab for evidence that the ‘Developers and Owners’ group are those with access to submit merge requests to the ‘release’ branch.
- 2) Obtained a sample of change tickets released to PROD and inspected for evidence that they:



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The change tickets also include the approvers; these are any of the CFB Systems, Index, or Front-end engineers, in addition to the CTO.

Through GitLab, successful changes are then deployed to PROD by either the CFB Systems engineers, Senior Index engineer, or CTO.

- a) passed UAT; and
  - b) were approved by either the CFB Systems, Index, Front-end engineers, or the CTO.
- 3) Inspected GitLab for evidence that only the CFB Systems engineers, Senior Index engineer, or CTO have access to deploy changes to PROD.
  - 4) For the sample of change tickets released to PROD, obtained evidence from GitLab that these were deployed by either the CFB Systems engineers, Senior Index engineer, or CTO.

**Test Results:** No exceptions noted based on the procedures performed.

**F. Control Description – Daily Pre-publication Parallel Calculation Validation**

For the end-of-day benchmark variants, i.e., Reference Rates and Settlement Prices, of the CME CF Single Asset Series, CF Single Asset Series, CF Rolling CME Futures Indices, and the CF Volatility Series, CFB maintains a separate calculation environment (MIRRORPROD) in parallel to the live benchmark calculation environment (PROD). The calculated benchmark values are reconciled. Where differences between the two systems exceed a materiality threshold, the benchmark publication is suspended until the discrepancy can be investigated and resolved.

**F. Daily Pre-publication Parallel Calculation Validation**

- 1) Obtained an example of the configuration test conducted on the alert logic that triggers when the difference in benchmark values between PROD and MIRRORPROD differ over a certain threshold and inspected for evidence that the alert is triggered in this scenario.
- 2) For the benchmark series described in the Control Description, for a sample of dates, obtained the output files from the PROD and MIRRORPROD environments and inspected for evidence that where any differences between the two environments exceeded the relevant materiality threshold, the discrepancies were investigated and reconciled prior to the publication of the benchmark.

**Test Results:** No exceptions noted based on the procedures performed except for:

All single asset reference rates and settlement prices, except the CF Staking Series, have a pre-publication parallel calculation control activity in place to reconcile the benchmark values and investigate discrepancies identified.

During the Period, the Staking Reward Rate (“SRR”) parallel calculation did not have a trigger for alerting discrepancies for



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**Article 6. Control framework requirements**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
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			<p>investigation. These SRR values are used as an input to all the benchmarks in the CF Staking Series.</p> <p>As a result, there was a risk that operational errors in the calculation of the CF Staking Series were not identified prior to the benchmark’s publication.</p> <p><b>CFB Management Response:</b></p> <p>CFB conducted parallel calculation of the SRR in two separate technology environments during the entire period, in accordance with its policies. CFB acknowledges that had a discrepancy between the calculations occurred in the period then its staff would not have been actively alerted to the discrepancy.</p> <p>An active alert to cross environment validation discrepancies of the SRR will be implemented.</p>
6(3)(b).	(b) adequate and effective business continuity and disaster recovery plans;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that the CFB <i>Control Framework</i> document includes:</p> <ul style="list-style-type: none"> <li>a) Adequate and effective business continuity and disaster recovery plan; and</li> <li>b) Contingency procedures in the event of benchmark process disruption.</li> </ul> <p><b>Control Description</b></p> <p>The <i>Business Continuity and Disaster Recovery Policy</i> sets out CFB’s approach to reviewing, testing and training staff on Business Continuity and Disaster Recovery processes, including contingency procedures that are in place in the event of a disruption to the process of the provision of a Benchmark.</p> <p>The <i>Business Continuity and Disaster Recovery Policy</i> is reviewed on a no less than annual basis and/or in the event of changes to the UK BMR. Revisions are submitted to the Board of Directors for approval.</p> <p>The effectiveness of CFB’s <i>Business Continuity and Disaster Recovery Policy</i> is tested (at least) on an annual basis. Testing is conducted under the supervision and responsibility of the CFB Chief Technology Officer, reporting to the Board of Directors or Oversight Organs where required. The testing is documented within the <i>Business Continuity and Disaster</i></p>	<ol style="list-style-type: none"> <li>1) Obtained and inspected the <i>Business Continuity and Disaster Recovery Policy</i> for evidence of:                         <ol style="list-style-type: none"> <li>a) Details of the approach to reviewing, testing and training staff on Business Continuity and Disaster Recovery processes as per the Control Description; and</li> <li>b) review and approval in line with the frequency noted in the Control Description.</li> </ol> </li> <li>2) Obtained and inspected the <i>Business Continuity and Disaster Recovery</i> testing document to determine whether the tests occurred on at least an annual basis as defined within the <i>Business Continuity and Disaster Recovery Policy</i>.</li> <li>3) Where any failures were detected within the Business Continuity and Disaster Recovery testing results, obtained and inspected subsequent actions taken by CFB to determine whether the failure had been corrected and re-tested within six months.</li> </ol> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
6(3)(c).	(c) contingency procedures that are in place in the event of a disruption to the process of the provision of the benchmark.		



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### Article 6. Control framework requirements

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		<i>Recovery Policy.</i> Any failures detected via testing will be corrected and retested within six months.	
6(4).	An administrator shall establish measures to:  (a) ensure that contributors adhere to the code of conduct referred to in Article 15 and comply with the applicable standards for input data;  (b) monitor input data including, where feasible, monitoring input data before publication of the benchmark and validating input data after publication to identify errors and anomalies.	This provision is not applicable to CF Benchmarks. CF Benchmarks does consider that it utilises contributed data in any of its benchmark determinations.  Input Data to CFB's Benchmarks is subject to pre-publication validation and post publication validation and surveillance. Please refer to Article 11(2)(c).	No testing performed as this provision is not applicable to CFB in the period.  Please refer to Article 11(2)(c) for testing on input data surveillance and validation.
6(5).	The control framework shall be documented, reviewed and updated as appropriate and made available to the relevant competent authority and, upon request, to users.	The CFB Control Framework document is made available to the competent authority upon request.  Please refer to Article 6(1) for business processes and control descriptions on the review frequency of the Control Framework.	Please refer to Article 6(1) for testing on the review of the <i>Control Framework</i> .



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 7. Accountability framework requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
7(1).	<p>An administrator shall have in place an accountability framework, covering record- keeping, auditing and review, and a complaints process, that provides evidence of compliance with the requirements of this Regulation.</p>	<p><b>Control Objective</b>                      To provide reasonable assurance that CFB maintains an accountability framework that provides evidence of compliance with UK BMR and that the accountability framework includes:</p> <ul style="list-style-type: none"> <li>a) Record Keeping</li> <li>b) Audit and Review</li> <li>c) Complaints Process</li> </ul> <p><b>Business Process</b>                      The CFB <i>Accountability Framework</i> document is designed to ensure the integrity of the benchmarks it administers by addressing the accountability requirements.</p> <p>It is the responsibility of the CFB Compliance Function under authority of the CFB Board of Directors to ensure the implementation and maintenance of the <i>Accountability Framework</i> document.</p> <p><b>Control Description</b>                      The CFB <i>Accountability Framework</i> defines accountability within CFB for the following activities:</p> <ul style="list-style-type: none"> <li>a) Record Keeping (Section 3)</li> <li>b) Complaints or Incidents Policy (Section 4)</li> <li>c) Compliance, Audit &amp; Review Policy (Section 5)</li> </ul> <p>The CFB <i>Accountability Framework</i> document is reviewed and approved on an annual basis by the CFB Board of Directors.</p> <p>Please refer to Article 8 for business processes and control descriptions on record keeping.</p> <p>Please refer to Article 9 for business processes and control descriptions on complaints handling.</p>	<ul style="list-style-type: none"> <li>1) Obtained and inspected the CFB <i>Accountability Framework</i> for evidence it defines accountability over Record Keeping, Complaints or Incidents Policy, Compliance and Audit activities.</li> <li>2) Obtained the <i>Board of Directors minutes</i> and inspected for evidence of the <i>Accountability Framework</i> document annual review and sign-off.</li> </ul> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
7(2).	<p>An administrator shall designate an internal function with the necessary capability to review and report on the administrator's compliance with the benchmark methodology and this Regulation.</p>	<p><b>Control Objective</b>                      To provide reasonable assurance that CFB designates an internal function to review and report on their compliance with the benchmark methodology and the UK BMR.</p> <p><b>Business Process</b>                      The CFB <i>Accountability Framework</i> describes that CFB Compliance prepares a <i>Compliance Monitoring Plan</i> to summarise CFB's ongoing compliance with the UK BMR. This is presented to the Board of Directors and made available to the relevant regulatory authorities.</p>	<ul style="list-style-type: none"> <li>1) Obtained the <i>Compliance Monitoring Plan</i> and inspected for evidence that it was presented at every Board of Directors meeting.</li> <li>2) Obtained and inspected the CFB <i>Accountability Framework</i> for evidence that the <i>Compliance Monitoring Plan</i> is made available to the relevant regulatory authorities.</li> </ul>



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**Article 7. Accountability framework requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p><b>Control Description</b> CFB Compliance prepares the <i>Compliance Monitoring Plan</i> on an annual basis and presents its status at every CFB Board meeting.</p> <hr/> <p>Please refer to Article 12(1) for business processes and control descriptions on review and approval of benchmark calculation codes' alignment with relevant benchmark methodologies by product management and technology teams.</p>	<p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p> <hr/> <p>Please refer to Article 12(1) for testing on review and approval of benchmark calculation codes' alignment with relevant benchmark methodologies.</p>
7(3).	<p>For critical benchmarks, an administrator shall appoint an independent external auditor to review and report on the administrator's compliance with the benchmark methodology and this Regulation, at least annually.</p>	<p>Based on periodic assessment of usage, CFB deems that none of its benchmarks are critical in the period and so these provisions are not applicable to CFB.</p> <p>Although the firm's benchmarks are not deemed "critical" under this regulation the firm's commitment to the highest regulatory standard means that the CF Benchmarks <i>Accountability Framework</i> mandates an external audit of compliance with this Regulation within 12 months of regulatory authorisation. Furthermore, the firms <i>Accountability Framework</i> also mandates that Independent Reasonable Assurance Type 2 Audits are conducted no less than every two years, the results of which are shared with the firms Oversight Organs and the firm's supervisory authorities</p>	<p>No testing performed as this provision is not applicable to CFB in the period.</p> <p>KPMG was appointed on 5 June 2024 to provide Reasonable Assurance in respect of CFB's control activities in relation to UK BMR.</p>
7(4).	<p>Upon the request of the FCA, an administrator shall provide to the FCA the details of the reviews and reports provided for in paragraph 2. Upon the request of the FCA or any user of a benchmark, an administrator shall publish the details of the audits provided for in paragraph 3.</p>	<p>Please refer to Article 7(2) for details on the <i>Compliance Monitoring Plan</i> availability to the FCA.</p>	<p>Please refer to Article 7(2) for testing on the <i>Compliance Monitoring Plan</i>.</p>



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 8. Record-keeping requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
8(1).	An administrator shall keep records of:	<b>Control Objective</b> To provide reasonable assurance that CFB defines and documents its requirements for maintaining records of:	1) Obtained the CFB 'Record Keeping Policy' ( <i>Accountability Framework</i> ) and inspected for evidence that it requires the retention of records of the items listed in the control description (items a-e).
8(1)(a).	(a) all input data, including the use of such data;	a) All input data (and the use of such data);	2) Obtained and inspected the CFB 'Record Keeping Policy' ( <i>Accountability Framework</i> ) for evidence of annual review and sign-off.
8(1)(b).	(b) the methodology used for the determination of a benchmark;	b) Methodologies used for benchmark determinations; c) Any exercise of judgement or discretion (including the associated rationale);	
8(1)(c).	(c) any exercise of judgement or discretion by the administrator and, where applicable, by assessors, in the determination of a benchmark, including the reasoning for said judgement or discretion;	d) Disregarded input data (and rationale for disregard); e) Deviations from standard procedures and methodologies; f) Identities of those employed in the determination to the benchmarks (and where applicable, the list of submitters);	<b>Test Results:</b> No exceptions noted based on the procedures performed.
8(1)(d).	(d) the disregard of any input data, in particular where it conformed to the requirements of the benchmark methodology, and the rationale for such disregard;	g) Documents related to any complaints; and h) Audio and electronic communications for submitters or contributors.	
8(1)(e).	(e) other changes in or deviations from standard procedures and methodologies, including those made during periods of market stress or disruption;	<b>Business Process</b> CFB maintain the 'Record Keeping Policy' as part of the wider <i>Accountability Framework</i> document. This document describes: a) The data and information that is to be stored; b) The minimum time period for which it is stored; and c) The manner in which the data is stored for adequate security and accessibility.	
8(1)(f).	(f) the identities of the submitters and of the natural persons employed by the administrator for the determination of a benchmark;	<b>Control Description</b>	
8(1)(g).	(g) all documents relating to any complaint, including those submitted by a complainant; and	The CFB 'Record Keeping Policy' ( <i>Accountability Framework</i> document) states that CFB keep records of (including but not limited to) the following items: a) All input data used; b) All published benchmark methodologies and their benchmark statements; c) All instances of discretion applied and the rationale, including disregard of valid input data, expert judgement applied, or deviations from methodologies; d) List of past and present employees; and e) All records of complaints or incidents, their handling and resolution.	
8(1)(h).	(h) telephone conversations or electronic communications between any person employed by the administrator and contributors or submitters in respect of a benchmark.	The 'Record Keeping Policy' ( <i>Accountability Framework</i> ) is required to be reviewed and approved on an annual basis by the CFB Board of Directors.	



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 8. Record-keeping requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
8(2).	<p>An administrator shall keep the records set out in paragraph 1 for at least five years in such a form that it is possible to replicate and fully understand the determination of a benchmark and enable an audit or evaluation of input data, calculations, judgements and discretion. Records of telephone conversation or electronic communications recorded in accordance with point (h) of paragraph 1 shall be provided to the persons involved in the conversation or communication upon request and shall be kept for a period of three years.</p>	<p>CFB does not utilise contributed data in any of its benchmark determinations and therefore Article 8(1)(h) does not apply.</p> <p>Please refer to Article 8(2) for the business processes and control descriptions of the storage and retention of the items listed in this requirement.</p> <p><b>Control Objective</b></p> <p>To provide Reasonable assurance that CFB maintains records set out in Article 8(1) for at least five years in a replicable format that preserves the full record of the benchmark determination and enables an audit or evaluation of input data, calculations, judgements and discretion.</p> <p><b>Business Process</b></p> <p>CFB's 'Record Keeping Policy' as part of the wider <i>Accountability Framework</i> document states that all records are to be stored for a minimum of five years.</p> <p>CFB utilises the 'Simple Storage Service' (S3) within the AWS suite of applications as their primary database for storing both input data and disregarded input data.</p> <p>CFB uses a shared drive hosted on Google Drive to store benchmark methodologies, any instances of expert judgement invoked, lists of employed individuals, and complaints received.</p> <p><b>Control Description – AWS Records</b></p> <p>Both input data used in the calculation and disregarded input data are stored in the Amazon Web Services (AWS) 'Simple Storage Service' (S3).</p> <p>The CFB CTO obtains and reviews the AWS System and Organization Controls (SOC) Type 2 reports on a semi-annual basis.</p> <p><b>Control Description – Google Drive Records</b></p> <p>CFB stored the following records on CFB's Google Drive:</p> <ul style="list-style-type: none"> <li>a) Methodologies used for benchmark determination;</li> <li>b) Expert judgement log; and</li> <li>c) Complaints log.</li> </ul>	<p>Please refer to Article 8(2) below for the testing of storage and retention of the items listed in this requirement.</p> <ol style="list-style-type: none"> <li>1) Obtained the CFB 'Record Keeping Policy' (<i>Accountability Framework</i>) and inspected for evidence that it defines records are retained for a minimum of five years.</li> <li>2) Obtained and inspected a sample of input data from S3 and confirmed it had been retained for five years.</li> <li>3) Obtained and inspected a sample of methodology documents from CFB's Google Drive and confirmed they had been retained for five years.</li> <li>4) Obtained and inspected a sample of expert judgement from CFB's Google Drive and confirmed it had been retained for five years.</li> <li>5) Obtained and inspected a sample list of those employed at CFB from Workday and confirmed it had been retained for five years.</li> <li>6) Obtained and inspected a sample of the complaints log from CFB's Google Drive and confirmed it had been retained for five years.</li> <li>7) Obtained and inspected a sample of disregarded input data (and rationale for disregard) from S3 and confirmed it had been retained for five years.</li> <li>8) Obtained and inspected a sample of the semi-annual AWS SOC 2 reports for evidence of the S3 application resilience testing and any subsequent findings (if any).</li> </ol>





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**Article 8. Record-keeping requirements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>The CFB CTO obtains and reviews the Google Workspace System and Organization Controls (SOC) Type 2 reports on a semi-annual basis.</p> <p><b>Control Description – Workday Records</b></p> <p>CFB maintains the records of past and present CFB employees including those involved with the determination of the benchmark through the Workday system.</p> <p>Please refer to Article 10 for CFB CTO review of the third-party vendor SOC 2 reports.</p> <p>Please refer to Article 6(3)(a) for access controls to the Admin tool and S3.</p>	<p>9) Obtained and inspected a sample of the semi-annual Google Workspace SOC 2 reports for evidence of system resilience testing and any subsequent findings (if any).</p> <p>Please refer to Article 10 for testing of CFBC TO review of third-party vendor SOC 2 reports.</p> <p>Please refer to Article 6(3)(a) for testing of access controls to the Admin tool and S3.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 9. Complaints-handling mechanism**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
9(1).	An administrator shall have in place and publish procedures for receiving, investigating and retaining records concerning complaints made, including about the administrator's benchmark determination process.	<p><b>Control Objective</b> To provide reasonable assurance that CFB maintains and publishes procedures for receiving, investigating, and retaining records of complaints made, including those regarding their benchmark determination.</p> <p><b>Business Process</b> CFB maintains a 'Complaints Handling Policy' as part of the wider <i>Accountability Framework</i> document. The policy describes the processes and procedures for handling, investigating and retaining complaints or incidents.</p> <p><b>Control Description</b> The CFB 'Complaints Handling Policy' (<i>Accountability Framework</i>) includes the following sections:  <ul style="list-style-type: none"> <li>a) Sending and Receiving Complaints (Section 4.1.1.1); and</li> <li>b) Investigating the Complaint or Incident (Section 4.1.1.4).</li> </ul>                     It also notes that all complaints, their analysis, deliberations and resolutions are retained for a minimum of five years.                      The CFB 'Complaints Handling Policy' (<i>Accountability Framework</i>) document is reviewed on an annual basis by the CFB Board of Directors.</p>	<p>1) Obtained the CFB 'Complaints Handling Policy' (<i>Accountability Framework</i>) and inspected for evidence that it contains procedures for receiving, investigating and retaining records of complaints, as per the control description.</p> <p>2) Obtained the <i>Board of Directors minutes</i> and inspected for evidence of the 'Complaints Policy' (<i>Accountability Framework</i>) document annual review and sign-off. Please refer to Article 8 for testing on the record keeping of complaints.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
9(2).	Such a complaints-handling mechanism shall ensure that:	<p><b>Business Process</b> The 'Complaints Handling Policy' as part of the CFB <i>Accountability Framework</i> document notes the nature of complaints that can be submitted and is made available to the public through a dedicated email address. Complaints are logged into the CFB <i>Complaints Log</i> and are investigated in a timely manner. CFB Compliance Function first receives any submitted complaints to the dedicated email address and notify the relevant Oversight Organ for investigation, evaluation and follow-up. <i>Please see Control Objectives and Control Descriptions below.</i></p>	<i>Please see sub-articles below for testing performed.</i>



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**Article 9. Complaints-handling mechanism**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
9(2)(a).	<p>(a) the administrator makes available the complaints-handling policy through which complaints may be submitted on whether a specific benchmark determination is representative of market value, on a proposed change to the benchmark determination process, on an application of the methodology in relation to a specific benchmark determination, and on other decisions in relation to the benchmark determination process;</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB makes available their complaints handling policy through which complaints may be submitted in relation to benchmark determinations.</p> <p><b>Control Description</b></p> <p>The CFB website has a 'Contact' page where a complaints email is published for users of CFB's Benchmarks to submit complaints.</p> <p>The 'Contact' page of the CFB website includes an email address where users of CFB's Benchmarks can request the 'CFB Complaints Handling Policy' as part of the <i>Accountability Framework</i>.</p> <p>The CFB 'Complaints Handling Policy' (<i>Accountability Framework</i>) describes the nature of complaints such that they are relative to any aspect of the benchmark determination process, including if it relates to the methodology or an application to the methodology.</p>	<p>1) Inspected the CFB website for evidence of the dedicated email address for submitting complaints and for requesting the CFB 'Complaints Handling Policy' (<i>Accountability Framework</i>).</p> <p>2) Obtained and inspected the CFB 'Complaints Handling Policy' (<i>Accountability Framework</i>) for evidence that the nature of complaints it includes within scope covers those related to benchmark determinations.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
9(2)(b).	<p>(b) complaints are investigated in a timely and fair manner and the outcome of the investigation is communicated to the complainant within a reasonable period of time, unless such communication would be contrary to objectives of public policy or to Regulation No 596/2014; and</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB investigates complaints in a timely and fair manner with the investigation outcome communicated to the complainant within a reasonable period of time.</p> <p><b>Control Description</b></p> <p>The 'Complaints Handling Policy' (<i>Accountability Framework</i>) noted that the CFB Compliance Officer must acknowledge a complaint within 3 working days of receiving it. As of April 2024, the complaint must be acknowledged within 1 working day and the complainant must be updated every 10 working days if an immediate resolution is not possible.</p> <p>The CFB <i>Complaints Log</i> records key components of complaints, including (but not limited to):</p> <ul style="list-style-type: none"> <li>a) Issue type;</li> <li>b) Complaints Handler;</li> <li>c) Days resolved;</li> <li>d) Complaint Write-up;</li> <li>e) Outcome; and</li> <li>f) Lessons Learned.</li> </ul>	<p>1) Obtained the CFB 'Complaints Handling Policy' (<i>Accountability Framework</i>) for evidence of details on complaints handling timeliness as per the control description.</p> <p>2) For any complaints received during the review period, inspected the <i>Complaints Log</i> to determine whether they were resolved in line with the 'Complaints Handling Policy' (<i>Accountability Framework</i>).</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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**Article 9. Complaints-handling mechanism**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
9(2)(c).	(c) the inquiry is conducted independently of any personnel who may be or may have been involved in the subject- matter of the complaint.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's complaints handling process is conducted independently of any personnel involved in the subject-matter of the complaint.</p> <p><b>Control Description</b></p> <p>Emails sent to the Complaints mailbox are automatically forwarded to CF Benchmarks Compliance.</p> <p>The 'Complaints Handling Policy' (<i>Accountability Framework</i>) notes that the CFB Compliance Officer first receives the complaint and further allocates it to the relevant Oversight Organ for follow-up investigations.</p> <p>CFB confirmed that there were no complaints in the review period.</p>	<p>1) Obtained and inspected the 'Complaints Handling Policy' (<i>Accountability Framework</i>) for evidence of complaints ownership as per the control description.</p> <p>2) For any complaints received during the review period, inspected the <i>Complaints Log</i> to determine whether they were resolved in line with the 'Complaints Handling Policy' (<i>Accountability Framework</i>), including that it was received by the CFB Compliance Officer and further allocated to the relevant Oversight Organ.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 10. Outsourcing**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
10(1).	An administrator shall not outsource functions in the provision of a benchmark in such a way as to impair materially the administrator's control over the provision of the benchmark or the ability of the FCA to supervise the benchmark.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB shall not outsource functions in the benchmark provision such that it materially impairs their control over the provision or the ability of the FCA to supervise the benchmark.</p>	<p>1) Obtained the CFB <i>Control Framework</i> document and inspected for evidence of the cloud hosting services utilised by CFB.</p> <p>2) Where deficiencies were noted in the AWS and Google SOC 2 reports, obtained and inspected the <i>Board of Director minutes</i> for evidence that these were tabled in the meetings.</p>
10(2).	Where an administrator outsources to a service provider functions or any relevant services and activities in the provision of a benchmark, the administrator shall remain fully responsible for discharging all of the administrator's obligations under this Regulation.	<p><b>Business Process</b></p> <p>CF Benchmarks does not outsource any of the functions of benchmark provision.</p> <p>CFB's Control Framework document notes that they utilise Amazon Web Services (AWS) and Google Drive as a material third-party vendor for their technology and cloud hosting services, in addition to Google Cloud Platform for certain input data connectivity.</p>	
10(3).	Where outsourcing takes place, the administrator shall ensure that the following conditions are fulfilled:	<p><b>Control Description</b></p> <p>The CFB CTO reviews the AWS and Google SOC reports on an annual basis and any deficiencies are mapped against the dependency that CFB has to that aspect of the service. The deficiencies (if any) are presented to the Board of Directors.</p>	<p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
10(3)(a).	(a) the service provider has the ability, capacity, and any authorisation required by law, to perform the outsourced functions, services or activities reliably and professionally;		
10(3)(b).	(b) the administrator makes available to the FCA the identity and the tasks of the service provider that participates in the benchmark determination process;		
10(3)(c).	(c) the administrator takes appropriate action if it appears that the service provider may not be carrying out the outsourced functions effectively and in compliance with applicable law and regulatory requirements;		
10(3)(d).	(d) the administrator retains the necessary expertise to supervise the outsourced functions effectively and to manage the risks associated with the outsourcing;		
10(3)(e).	(e) the service provider discloses to the administrator any development that may have a material impact on its ability to carry out the outsourced functions effectively and in compliance with applicable law and regulatory requirements;		



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**Article 10. Outsourcing**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
10(3)(f).	(f) the service provider cooperates with the FCA regarding the outsourced activities, and the administrator and the FCA have effective access to data related to the outsourced activities, as well as to the business premises of the service provider, and the FCA is able to exercise those rights of access;		
10(3)(g).	(g) the administrator is able to terminate the outsourcing arrangements where necessary;		
10(3)(h).	(h) the administrator takes reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of the service provider in the benchmark determination process.		



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**Article 11. Input data**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
11(1).	The provision of a benchmark shall be governed by the following requirements in respect of its input data:	<p><b>Business Process</b></p> <p>CFB administers seven benchmark series that fall under the scope of this review. The <i>CF Benchmarks Input Data Policy</i> (Section 3.1) sets out the criteria for sources of input data and exchanges for use within these benchmarks.</p> <p>CFB maintains the <i>Benchmark Input Data Policy</i> which describes CFB’s controls over all types of input data used in its Benchmarks determination, including:</p> <ul style="list-style-type: none"> <li>a) sources of input data;</li> <li>b) data sufficiency;</li> <li>c) ongoing assessment of input data; and</li> <li>d) the process of the CF Input Data Assessment.</li> </ul> <p>The CF Rolling CME Rolling Futures Series and CF Volatility Series are categorised as Regulated-Data Benchmarks. In accordance with the BMR Article 17(1), the BMR Articles 11(1)(d) and (e), 11(2), and 11(3) shall not apply to the provision of these two series.</p> <p><i>Please see Control Descriptions and Control Objectives below.</i></p>	<p><i>Please see sub-articles below for testing performed.</i></p>
11(1)(a).	(a) the input data shall be sufficient to represent accurately and reliably the market or economic reality that the benchmark is intended to measure. The input data shall be transaction data, if available and appropriate. If transaction data is not sufficient or is not appropriate to represent accurately and reliably the market or economic reality that the benchmark is intended to measure, input data which is not transaction data may be used, including estimated prices, quotes and committed quotes, or other values;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that the input data utilised by CF Benchmarks is sufficient to represent accurately and reliably the market or economic reality that the Benchmarks are intended to measure.</p> <p><b>Control Description</b></p> <p>Section 3.1 (Criteria for Sources of Input Data for Constituent Exchanges) of the <i>Input Data Policy</i> sets out the baseline criteria for Exchanges to be used as sources of input data. This applies to all Benchmarks utilising data from Exchanges.</p> <p>The <i>Input Data Policy</i> is reviewed and approved on at least an annual basis.</p> <p>In addition to the above, there are following controls specific to Benchmark Series:</p>	<ul style="list-style-type: none"> <li>1) Obtained the <i>Input Data Policy</i> and inspected for evidence that it defines the criteria for sources of input data for constituent exchanges for transactional and order book data.</li> <li>2) Obtained Board of Directors meeting minutes and the <i>Input Data Policy</i> and inspected for evidence that the <i>Input Data Policy</i> was subject to annual review and approval on no less than an annual basis.</li> </ul> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 11. Input data**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
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**Control Description – Inputs Constituent Exchanges & Staking providers**

The benchmarks that source input data directly from constituent exchanges or staking providers (Section 3 Series A-C) have their own specific exchange criteria and documentation:

- A. CME CF Single Asset Series - The *CME CF Cryptocurrency Pricing Products Constituent Exchange Criteria* sets out the specific criteria for constituent exchanges that provide input data for the series. The criteria include trading volume, risk exposures, and legal and regulatory compliance.
- B. CF Single Asset Series - The *CF Digital Asset Index Family Constituent Exchange Criteria* sets out the CF Single Asset Series-specific criteria for constituent exchanges that provide input data for the series. The criteria include trading volume, risk exposures, and legal and regulatory compliance.
- C. *CF Staking Series* - The *CF Staking Series CF Constituent Staking Provider Criteria* sets out the specific criteria for constituent staking providers that provide input data for the series. The criteria include volume of non-custodian staking services provided, product offering, and legal and regulatory compliance.

CFB conducts a review on the constituent exchanges and staking providers for the Benchmark series outlined above no less than annually to assess their conformance with the relevant criteria documentation. A summary of the results of the reviews is documented in the *Constituent Exchange Review – Summary* document and discussed in the relevant Oversight Organ meeting.

- 1) Obtained and inspected:
  - A. The *CME CF Cryptocurrency Pricing Products Constituent Exchange Criteria* for evidence that it defines the criteria for input data sources (including trading volume, risk exposures, and legal and regulatory compliance) to be used for the CME CF Single Asset Series.
  - B. The *CF Digital Asset Index Family Constituent Exchange Criteria* for evidence that it defines the criteria for input data sources (including trading volume, risk exposures, and legal and regulatory compliance) to be used for the CF Single Asset Series.
  - C. The *CF Staking Series CF Constituent Staking Provider Criteria* for evidence that it defines the criteria for input data sources (including volume of non-custodian staking services provided, product offering, and legal and regulatory compliance) to be used for the CF Staking Series.
- 2) Obtained the results of CFB’s review of constituent exchanges and staking providers and inspected for evidence that the reviews are conducted against the applicable criteria at least annually. Specifically:
  - A. Obtained the results of CFB’s review of constituent exchanges and inspected for evidence that the reviews were conducted against the requirements in the *CME CF Cryptocurrency Pricing Product Constituent Exchange Criteria* and *CF Digital Asset Index Family Constituent Exchange Criteria*, including market integrity, barriers and risk exposure, AML and KYC, and information sharing.





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			<p>B. Obtained the results of CFB’s review of constituent staking providers and inspected for evidence that the review was conducted against the requirements in the <i>CF Staking Series CF Constituent Staking Provider Criteria</i>, including volume of non-custodian staking services provided, product offering, and legal and regulatory compliance.</p> <p>3) Obtained a sample of the CME CF Oversight Committee Meeting Agenda and CF Oversight Committee Meeting Agenda and inspected for evidence that the result of the review of constituent exchanges and staking providers is reviewed and discussed in the relevant Oversight Organ meetings.</p>
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**Control Description – Inputs Regulated Data Benchmarks**

The input data for the CF Volatility Series and CF Rolling CME Futures Indices are sourced from a regulated trading venue (CME Group). The benchmarks are therefore classified as Regulated Data Benchmarks in accordance with Article 3(24)(a) of the UK BMR.

CFB monitors the applicable registers and news that the sources from which CFB draws any Regulated Data maintain their status as Trading Venues as defined by the UK BMR.

		<p>1) Obtained the <i>CF Rolling CME Bitcoin Futures Index (Excess Return) Methodology</i> and the <i>CF Rolling CME Ether Futures Index (Excess Return) Methodology</i> and inspected for evidence that the sources of input data are regulated trading venues.</p> <p>2) Obtained the <i>CF Rolling CME Bitcoin Ether Basket Futures Index (Excess Return) Methodology</i> and inspected for evidence that it defines the sources of input data as the CF Rolling CME Bitcoin Futures Index (Excess Return) and the CF Rolling CME Ether Futures Index (Excess Return).</p> <p>3) Obtained the <i>CF Bitcoin Volatility Index Real Time Index (BVX) Methodology</i> and inspected for evidence that the sources of input data for the Series are regulated trading venues.</p> <p>4) Obtained the <i>CF Bitcoin Volatility Index Settlement (BVXS) Methodology</i> and inspected for evidence that it defines the sources of input data as the CF Bitcoin Volatility Index Real Time Index.</p>
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**Article 11. Input data**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
			Refer to Article 12 for testing related to the annual review of the Methodology documents.  <b>Test Results:</b> No exceptions noted based on the procedures performed.
		<p><b>Control Description – Inputs Multi-Asset Benchmarks</b></p> <p>All Input data to the CF Benchmarks' Multi-Asset Benchmarks (the CF Capitalization Series and the CF Classification Series) are sourced from other underlying CFB Benchmarks. As such, there are no additional external data providers specific to these Benchmark series.</p>	N/A
11(1)(b).	(b) the input data referred to in point (a) shall be verifiable;	Please refer Article 11(2)(c) for input data verification controls.	Please refer to Article 11(2)(c) for input data verification controls.
11(1)(c).	(c) the administrator shall draw up and publish clear guidelines regarding the types of input data, the priority of use of the different types of input data and the exercise of expert judgement, to ensure compliance with point (a) and the methodology;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB publishes clear guidelines regarding the types of input data, the priority of use of the different types of input data and the exercise of expert judgement.</p> <p><b>Control Description</b></p> <p>CFB maintains the <i>Input Data Policy</i> which documents the use of input data types, priority of use of the different types of input data, and the exercise of expert judgement.</p> <p>Section 3.5 of the <i>Input Data Policy</i> (Types of Input Data – Data Hierarchy) defines types of input data and their priority of use within CF Benchmarks when constructing a Benchmark methodology. In principle, CFB seek to use data types highest in the hierarchy, moving down the hierarchy when a certain data type will not fulfil the requirements set out in Section 5 of the policy (Data Sufficiency).</p> <p>Section 5 (Expert Judgement) of the <i>Input Data Policy</i> describes CFB’s guidelines on the exercise of expert judgement. Specifically, CFB does not exercise expert judgement in the course of its benchmark determination process. In unforeseen instances where it is unavoidable to order to ensure the continued provision of a benchmark, CFB will follow Section 5 (Expert</p>	<ol style="list-style-type: none"> <li>1) Obtained the <i>Input Data Policy</i> and inspected for evidence that a data hierarchy for the types of input data and the priority of use of the types of input data is defined and documented.</li> <li>2) Obtained the <i>Input Data Policy</i> and inspected for evidence that clear guidelines for the exercise of expert judgement are defined and documented.</li> <li>3) Obtained the <i>Expert Judgement Log</i> and inspected for evidence that the exercise of expert judgement follows the principles set out in Section 5 of the <i>Input Data Policy</i>.</li> </ol> <p>Please refer to 11(1)(a) for testing of the annual review of the Input Data Policy.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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**Article 11. Input data**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
		<p>Judgement) of the <i>Input Data Policy</i> which sets out the principles to be followed where applications of expert judgement are required.</p> <p>The Input Data Policy is annually reviewed and approved at the CME CF Oversight Committee Meeting and CF Oversight Committee Meeting.</p>	
11(1)(d).	<p>(d) where a benchmark is based on input data from contributors, the administrator shall obtain, where appropriate, the input data from a reliable and representative panel or sample of contributors so as to ensure that the resulting benchmark is reliable and representative of the market or economic reality that the benchmark is intended to measure;</p>	<p>This provision is not applicable as CF Benchmarks does not utilise input data from Contributors.</p>	<p>No testing performed due to the nature of the requirement.</p>
11(1)(e).	<p>(e) the administrator shall not use input data from a contributor if the administrator has any indication that the contributor does not adhere to the code of conduct referred to in Article 15, and in such a case shall obtain representative publicly available data.</p>		
11(2).	<p>Administrators shall ensure that their controls in respect of input data include:</p>	<p>Please see response below.</p>	<p>Please see test procedures and results below.</p>
11(2)(a).	<p>(a) criteria that determine who may contribute input data to the administrator and a process for selecting contributors;</p>	<p>This provision is not applicable as CF Benchmarks does not utilise input data from Contributors.</p>	<p>No testing performed due to the nature of the requirement.</p>
11(2)(b).	<p>(b) a process for evaluating a contributor's input data and for stopping the contributor from providing further input data, or applying other penalties for non-compliance against the contributor, where appropriate; and</p>		
11(2)(c).	<p>(c) a process for validating input data, including against other indicators or data, to ensure its integrity and accuracy.</p>	<p><b>Control Objective</b> To provide reasonable assurance that CFB has processes for validating input data, including against other indicators or data, to ensure its integrity and accuracy.</p>	<p>1) For each benchmark series, for a sample of methodologies selected, obtained and inspected for evidence that they defined Erroneous Data and Potentially Erroneous Data identification and remediation</p>



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**Article 11. Input data**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
		<p><b>Business Process</b></p> <p>Each CFB Benchmark Series (except for Multi-Asset Benchmarks where input data is sourced from other underlying CFB Benchmarks) have Erroneous and Potentially Erroneous Data parameters defined within each individual benchmark methodology document. These parameters are unique to the relevant Benchmark series, but follow the below approach:</p> <ul style="list-style-type: none"> <li>a) <i>Erroneous Data</i> – Data received is a non-numeric value, non-positive value, or reported in a format that cannot be parsed.</li> <li>b) <i>Potentially Erroneous Data</i> – Data received deviates by more than a given threshold from data from other constituent exchanges / staking providers or from prior data points.</li> </ul> <p>For all in-scope benchmarks except for the Multi-Asset Benchmarks (CF Classification Series and the CF Capitalization Series, which take other CF Benchmarks as input data), CFB have established controls to exclude Erroneous Data and Potentially Erroneous Data from Benchmark calculations.</p> <p>Input data are screened and automatically excluded from the Benchmark calculation where it meets the threshold of Erroneous Data or Potentially Erroneous Data set out in the relevant methodology document.</p> <p><b>Control Description</b></p> <p>The relevant Erroneous Data and Potentially Erroneous Data parameters are subject to review as part of the annual review of the relevant methodology documents. See Article 14 for further details.</p> <p>A daily <i>Breach Report</i> is sent to CFB’s Compliance Officer on a T+1 basis. containing data that exceeded the Potentially Erroneous Data threshold. See Article 14(1) for further details.</p>	<p>processes and the Potentially Erroneous Data Parameters.</p> <p>2) For a sample of dates selected, obtained and inspected the output files of the benchmark calculators for the production (prod3) environment for evidence that data that met the Erroneous Data or Potentially Erroneous Data threshold was excluded from the Benchmark calculation.</p> <p>Please refer to Article 14(1) for testing in relation to the daily Breach Report.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
11(3).	Where the input data of a benchmark is contributed from a front office function, meaning any department, division, group, or personnel of contributors or any of its affiliates that performs any pricing, trading, sales, marketing, advertising, solicitation, structuring, or brokerage activities, the administrator shall:	This provision is not applicable as CF Benchmarks does not utilise contributed input data in any of its benchmark determinations.	No testing performed due to the nature of the requirement.



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**Article 11. Input data**

BMR ref	BMR Requirement	CFB’s Response	KPMG Test Procedures and Results
11(3)(a).	(a) obtain data from other sources that corroborate that input data; and		
11(3)(b).	(b) ensure that contributors have in place adequate internal oversight and verification procedures.		
11(4).	Where an administrator considers that the input data does not represent the market or economic reality that a benchmark is intended to measure, that administrator shall, within a reasonable time period, either change the input data, the contributors or the methodology in order to ensure that the input data does represent such market or economic reality, or else cease to provide that benchmark.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that where CFB considers the input data not representing the market or economic reality that a benchmark is intended to measure, that CFB has controls in place to ensure that changes to the input data, contributors, or methodology is conducted within a reasonable time period to ensure that the input data does represent the market or economic reality, or else cease to provide that benchmark.</p> <p><b>Business Process</b></p> <p>CFB maintains the <i>Input Data Policy</i> which details CFB’s process to change the input data source or the methodology, or cessation of the benchmark in instances where CFB considers that the input data does not represent the market or economic reality to its benchmark is intended to measure.</p> <p><b>Control Description</b></p> <p>Section 6.3 (Data No Longer Sufficient to Ensure Continued Benchmark Integrity) of the <i>Input Data Policy</i> describes CFB’s approach to instances in which the input data of a benchmark does not represent the market or economic reality that the benchmark is intended to measure.</p> <p>Specifically, when instances are identified by CFB, the following process will be initiated:</p> <ul style="list-style-type: none"> <li>a) An immediate review of what alternative input data could be utilised;</li> <li>b) Establishing data sufficiency for this alternative input data; and</li> <li>c) Presenting this analysis to the relevant Oversight Organ for the benchmark family to which the benchmark belongs, leading to either the Benchmark Consultation Process or Benchmark Cessation Process.</li> </ul>	<p>1) Obtained the <i>Input Data Policy</i> and inspected for evidence that a process for changing the input data or methodology, or cessation of the benchmark when the input data does not represent the market or economic reality that the benchmark is intended to measure.</p> <p>Please refer to Article 13 for testing on the operation of the Benchmark Consultation Process and Benchmark Cessation Process</p> <p>Please refer to 11(1)(a) for testing of the annual review of the Input Data Policy.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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The Input Data Policy is annually reviewed and approved at the CME CF Oversight Committee Meeting and CF Oversight Committee Meeting.

11(5).	<p>The FCA shall develop draft regulatory technical standards to specify further how to ensure that input data is appropriate and verifiable, as required under points (a) and (b) of paragraph 1, as well as the internal oversight and verification procedures of a contributor that the administrator has to ensure are in place, in compliance with point (b) of paragraph 3, in order to ensure the integrity and accuracy of input data. However, the technical standards shall not cover or apply to administrators of non-significant benchmarks.</p> <p>The FCA shall take into account the different types of benchmarks and sectors as set out in this Regulation, the nature of input data, the characteristics of the underlying market or economic reality and the principle of proportionality, the vulnerability of the benchmarks to manipulation as well as the international convergence of supervisory practice in relation to benchmarks.</p>	This is not applicable as CFB only administers non-significant benchmarks.	No testing performed due to the nature of the requirement.
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**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 12. Methodology**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
12(1).	An administrator shall use a methodology for determining a benchmark that:	CFB administers seven benchmark series that fall under the scope of this review, defined in Section 3 of this report.	<i>See relevant test procedures below.</i>
12(1)(a).	is robust and reliable;	<p><b>Control Objective</b> To provide reasonable assurance that CFB's benchmark methodologies for determining its benchmarks are robust and reliable.</p> <p><b>Control Description – Methodology documents</b> CFB's benchmark methodologies and overarching 'Ground Rules' are subjected to regular review and approval by the CME CF Oversight Committee or the CF Oversight Function on no less than an annual basis.</p> <p><b>Control Description - Multi-asset Indices Quarterly Rebalancing</b> For the CF Capitalization Series and the CF Classification Series, CFB rebalances the constituents and their weightings for each index on a quarterly basis.  CFB must first determine the free-float supply of each constituent asset (both Coin-Centric and Account-Centric tokens) for use in the methodologies. The free-float supplies are sourced by querying the respective blockchains, which are then transformed into the effective free-float (EFF) supplies which are announced on CFB's website one week prior to the re-balance.  To ensure that the live production environment will ingest the latest weighting accurately and completely, CFB implements the new constituent weights to the test environment prior to the rebalance date. The Product team runs a Python script to validate that the test environment has ingested the new weights correctly, and that the weights are the same as those publicly announced by CFB.  At the rebalance date, CFB runs a Python script to validate that the live production environment has ingested the new weights correctly, and that the weights are the same as those publicly announced by CFB.  In Q3 2024, CFB introduced the sign-off of free-float supply data extraction and EFF calculation, Due to the additional complexity in free-float supply data extraction for non-ERC20 Account-Centric tokens, two members of</p>	<p><i>See relevant test procedures below.</i></p> <p>1) For each Benchmark series, obtained a sample of the relevant oversight organ meeting minutes and inspected for evidence that the methodologies and Ground Rules were reviewed and approved on at least an annual basis.  <b>Test Results:</b> No exceptions noted based on the procedures performed.</p> <p>1) For a sample of selected quarters, obtained screenshots of the results from the Python script comparing between the test environment and the announced constituent weights and inspected for evidence that any differences were investigated and reconciled prior to the index rebalance date.  2) For a sample of selected quarters, obtained the results from the Python script comparing between the production environment and the announced constituent weights and inspected for evidence that any differences were investigated and reconciled.  3) For Q3 2024, obtained sign-off for free-float and effective free-float supply determination and inspected for evidence that the free-float and effective free-float supply determination were reviewed and signed off prior to the announcement of constituent weights.  <b>Test Results:</b> No exceptions noted based on the procedures performed, except for:  For the CF Classification Series and CF Capitalization Series, CFB must determine the free-float supply of each constituent asset (both Coin-Centric and Account-Centric tokens) for use in the methodologies. CFB source the free-float supply by querying the respective blockchains and</p>



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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>staff independently extract the free-float supply data and cross-validate against one another to ensure that the free-float supply data are accurate.</p>	<p>transform the data into the effective free-float supply as prescribed in the Ground Rules.</p> <p>However, during the Period, there were no re-performance control activities over this manual data capture and transformation process for both Coin-Centric and Account-Centric (only in relation to ERC-20) free-float supply.</p> <p>As a result, there was an increased risk that potential errors in the quarterly re-balancing process were not identified prior to announcing the new constituent weights.</p> <p><b>CFB Management Response:</b></p> <p>CFB has undertaken a lookback assessment of prior quarterly re-balancing. As part of this, we identified that during the Q2 and Q3 2024 re-balancing process, the weighting of FET coin was incorrect due to not converting the free-float supply raw data into the effective free-float supply. The free-float supply raw data was used as the input to the weighting of FET coin. This was not identified with existing checks as FET coin was first introduced in the Q2 2024 re-balancing.</p> <p>For the two indices CF Blockchain Infrastructure Index and CF Broad Cap Index (Diversified Weight), the impact exceeded the threshold defined in the Restatement Policy. CFB will re-state the values on its website as per the Restatement Policy.</p> <p>No client impact has been identified as these indices were not licensed during the Period.</p> <p>CFB is planning to further automate the re-balancing process in the future.</p>





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**Article 12. Methodology**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
12(1)(b).	has clear rules identifying how and when discretion may be exercised in the determination of that benchmark;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's methodologies for determining its benchmarks has clear rules identifying how and when discretion may be exercised.</p> <p><b>Control Description</b></p> <p>CFB's benchmark methodologies details that CFB does not utilise expert judgement in the day-to-day calculation of its benchmarks. In extraordinary circumstances, Expert Judgment may be exercised in accordance with the codified processes documented in the <i>Input Data Policy</i>.</p> <p>CFB maintains the <i>Input Data Policy</i> where section 5 (Expert Judgement) of the policy details its process and procedure in exercising Expert Judgement.</p>	<p>1) For each Benchmark series, obtained a sample of the benchmark methodologies and inspected for evidence that the methodologies describe CFB's approach to Expert Judgement.</p> <p>2) Obtained and inspected the <i>Input Data Policy</i> for evidence that it details the process and procedures for exercising Expert Judgement.</p> <p>Please refer to Article 12(1)(a) for testing on the review and approval of the benchmark methodologies and Article 11(1)(a) for testing on the review and approval of the Input Data Policy.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
12(1)(c).	is rigorous, continuous and capable of validation including, where appropriate, back-testing against available transaction data;	Please refer to Article 12(2) for testing on benchmark methodologies.	<p>1) Please refer to Article 12(2) for testing on benchmark methodologies.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
12(1)(d).	is resilient and ensures that the benchmark can be calculated in the widest set of possible circumstances, without compromising its integrity;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's methodologies for determining its benchmarks are resilient and ensures that the benchmarks can be calculated in the widest set of possible circumstances, without compromising its integrity.</p> <p><b>Control Description</b></p> <p>CFB's benchmark methodologies define contingency calculation rules, for determining the benchmarks in abnormal circumstances, including delayed, missing, erroneous, or potentially erroneous input data.</p> <p>CFB also maintains the <i>Production Incident Log</i> which includes all incidents that impacted a benchmark determination. Incidents that caused a benchmark determination to deviate from the methodology are investigated and a postmortem report is produced to summarise the incident and its remediation, which are then presented to the relevant oversight organ for review.</p>	<p>1) For each benchmark series, obtained a sample of the benchmark methodologies and inspected for evidence that it defines contingency calculation rules for the benchmark.</p> <p>2) For a sample of incidents that caused the benchmark determination to deviate from the defined methodology in the <i>Production Incident Log</i>, obtained the postmortem report and associated oversight organ meeting minutes and inspected for evidence that the incidents were investigated, and the summary is presented to the oversight organ for review and approval.</p> <p>Please refer to Article 12(1)(a) for testing on the review and approval of the benchmark methodologies.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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**Article 12. Methodology**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
12(1)(e).	is traceable and verifiable.	Please refer to Article 6(3)(a) for testing on parallel calculation validation controls.	Please refer to Article 6(3)(a) for testing on parallel calculation validation controls.
12(2).	When developing a benchmark methodology, a benchmark administrator shall:	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's methodology documentation take into account:</p> <ul style="list-style-type: none"> <li>- the conditions in the underlying market</li> <li>- what constitutes an active market</li> <li>- the priority given to different types of input data.</li> </ul> <p><b>Control Description</b></p> <p>CFB develops its benchmark methodologies in accordance with the <i>Governance &amp; Oversight Framework</i>, which requires CFB to consider and assess the benchmark methodologies against the UK BMR and internal policies.</p> <p>Specifically, section 4 (The Benchmark Life Cycle) details the requirements of launching of new benchmarks, which include:</p> <ul style="list-style-type: none"> <li>a) Methodology Assessment Process as prescribed in the <i>Governance &amp; Oversight Framework</i>.</li> <li>b) Establishment of Data Sufficiency through the CFB Input Data Assessment Process prescribed in the <i>Input Data Policy</i>.</li> <li>c) Accordance with the requirements of the appropriate oversight organ prescribed in the Terms of Reference, Founding Charter, or Function Specification.</li> </ul> <p>CFB presents the developed benchmark methodologies to the CME CF Oversight Committee or CF Oversight Function for review and approval prior to the launch of the benchmarks.</p>	<ol style="list-style-type: none"> <li>1) Please refer to Article 11(1)(a) for testing on input data sufficiency for the relevant benchmark series.</li> <li>2) Please refer to Article 12(1) for testing on the methodologies' adherence to the Methodology Assessment Process.</li> <li>3) For the benchmark series launched within the review period, obtained the relevant <i>CF Oversight Function meeting minutes</i> and inspected for evidence that the launches were reviewed and approved by the CF Oversight Function.</li> </ol> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
12(2)(a).	take into account factors including the size and normal liquidity of the market, the transparency of trading and the positions of market participants, market concentration, market dynamics, and the adequacy of any sample to represent the market or economic reality that the benchmark is intended to measure;		
12(2)(b).	determine what constitutes an active market for the purposes of that benchmark; and		
12(2)(c).	establish the priority given to different types of input data.		
12(3).	An administrator shall have in place clear published arrangements that identify the circumstances in which the quantity or quality of input data falls below the standards necessary for the methodology to determine the benchmark accurately and reliably, and that describe whether and how the benchmark is to be calculated in such circumstances.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB have in place clear published arrangements that identify:</p> <ul style="list-style-type: none"> <li>a) the circumstances in which the quantity or quality of input data falls below the standard necessary for the methodology to determine the benchmark accurately and reliably, and</li> </ul>	<ol style="list-style-type: none"> <li>1) Please refer to Article 12(1)(a) for testing on review and approval of benchmark methodologies.</li> <li>2) For each benchmark series, obtained a sample of benchmark methodologies and inspected for evidence that it sets out the arrangements in place to identify the circumstances in which the quantity or quality of input data falls below the requirements to determine the</li> </ol>



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**Article 12. Methodology**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>b) that describe whether and how the benchmark is to be calculated in such circumstances.</p> <p><b>Control Description – Methodologies Quality input data</b></p> <p>CFB's benchmark methodologies sets out the arrangements in place to identify the circumstances in which the quantity or quality of input data falls below the requirements to determine the benchmark accurately and reliably according to the methodologies. The list of circumstances includes delayed data and missing data, erroneous data, potentially erroneous data, delayed calculation and publication, and calculation failure.</p> <p>Specifically, delayed, erroneous and potentially erroneous data result in either the affected data being excluded from the calculation or, if the available data is insufficient to calculate the benchmark, then it is deemed as a calculation failure and the previous published benchmark value is published and an indication will be given.</p> <p>The benchmark methodologies are reviewed and approved by the respective Oversight Organs prior to the benchmark going live.</p> <p><b>Control Description – Calculation Failure events</b></p> <p>All calculation failure events are communicated to all licensees via Status page (<a href="https://status.cfbenchmarks.com/">https://status.cfbenchmarks.com/</a>) and reported to either the CME CF Oversight Committee or CF Oversight Function.</p>	<p>benchmark accurately and reliably according to the methodologies.</p> <p>3) For each benchmark series, obtained a sample of benchmark methodologies and inspected for evidence that it sets out the criteria for data exclusion and calculation failure and procedures for determining the benchmark in such circumstances.</p> <p>4) For the population of calculation failure events in the review period, accessed CFB's website and obtained the CME CF Oversight Committee and CF Oversight Function meeting minutes and inspected for evidence that these events were communicated to stakeholders and reported to either the CME CF Oversight Committee or the CF Oversight Function.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 13. Transparency of methodology**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
13(1).	An administrator shall develop, operate and administer the benchmark and methodology transparently. To that end, the administrator shall publish or make available the following information:	<i>Please see Control Descriptions and Control Objectives below.</i>	<i>Please see sub-articles below for testing performed.</i>
13(1)(a).	(a) the key elements of the methodology that the administrator uses for each benchmark provided and published or, when applicable, for each family of benchmarks provided and published;	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB publishes or makes available key elements of the methodology that CFB uses for each benchmark provided and the frequency of and details of the internal reviews and the approval of a given methodology.</p>	<p>1) Accessed CFB's website and inspected for evidence that the latest version of all benchmark methodologies are published on the public website.</p> <p>2) For a sample selected per benchmark series, obtained the methodology for the sampled benchmark and inspected for evidence that they contain details of the internal review and frequency of such reviews of the methodology.</p>
13(1)(b).	(b) details of the internal review and the approval of a given methodology, as well as the frequency of such review;	<p><b>Control Description</b></p> <p>All methodologies for benchmarks administered by CFB are available on CFB's website (<a href="http://www.cfbenchmarks.com">www.cfbenchmarks.com</a>).</p> <p>In addition, CFB maintains the 'Methodology Change and Cessation Consultation Process &amp; Procedure' as part of the wider 'Governance and Oversight Framework' document. This document is available on request.</p> <p>All material changes to CFB's benchmark methodologies go through public consultation and the changes are announced on CFB's website (<a href="http://www.cfbenchmarks.com/blog/category/index-announcements">www.cfbenchmarks.com/blog/category/index-announcements</a>).</p> <p>The methodologies include key elements that CFB uses for each benchmark provided and published, frequencies and details of the internal reviews and approvals, procedures for consulting on any proposed material change in the methodologies, and definition of a material change.</p> <p>Each oversight organ (CF Oversight Function and CME CF Oversight Function) reviews and approves the benchmark methodologies that are within their scope and publish their meeting minutes on CFB's website.</p>	<p>3) Accessed CFB's website and inspected for evidence that the meeting minutes for CME CF Oversight Function and CF Oversight Function are publicly available.</p> <p>Please see Article 12 for testing on oversight organs' approval of benchmark methodologies.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
13(1)(c).	(c) the procedures for consulting on any proposed material change in the administrator's methodology and the rationale for such changes, including a definition of what constitutes a material change and the circumstances in which the administrator is to notify users of any such changes.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB publishes or makes available the procedures for consulting on any proposed material change in Benchmark methodologies and the rationale for such changes. Specifically, the procedure provides for:</p> <p>a) Advance notice, with a clear timeframe, that gives the opportunity to analyse and comment upon the impact of such proposed material changes; and</p>	<p>1) Obtained and inspected the 'Methodology Change and Cessation Consultation Process &amp; Procedure' (<i>Governance and Oversight Framework</i>) for evidence of the sections (a-f) noted in the control description.</p> <p>2) Obtained the CFB <i>Board of Director minutes</i> and inspected for evidence of the review and approval of the 'Methodology Change and Cessation Consultation Process &amp; Procedure' (<i>Governance and Oversight</i></p>



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 13. Transparency of methodology**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>b) Stakeholder comments and CFB's response to those comments.</p> <p><b>Control Description</b></p> <p>CFB's 'Methodology Change and Cessation Consultation Process &amp; Procedure' (Governance and Oversight Framework) includes sections on:</p> <ul style="list-style-type: none"> <li>a) Benchmark Methodology Change Consultations;</li> <li>b) Benchmark Cessation Consultations;</li> <li>c) Distribution and Publication of Benchmark Consultations;</li> <li>d) Treatment of Comments and Feedback Received;</li> <li>e) The Benchmark Methodology Change Consultation Review Process and Procedure; and</li> <li>f) The Benchmark Cessation Consultation Review Process and Procedure.</li> </ul> <p>The 'Methodology Change and Cessation Consultation Process &amp; Procedure' (Governance and Oversight Framework) is reviewed and approved on an annual basis and/or in the event of changes to benchmarks regulation by the Board of Directors.</p> <p>CFB publishes all material changes to its benchmark methodologies and the outcome of stakeholder consultation on proposed changes to methodologies on their website (<a href="http://www.cfbenchmarks.com/blog/category/index-announcements">www.cfbenchmarks.com/blog/category/index-announcements</a>), which include details of the consultation performed.</p>	<p><i>Framework</i>) in line with the frequency noted in the Control Description.</p> <p>3) For the population of proposed changes in the review period, obtained the consultation announcement, consultation results, and announcement of changes, and inspected for evidence that CFB consults its stakeholders on any proposed material changes in its benchmark methodologies with advance notice, and publishes stakeholders' comments and CFB's response to those comments on its website.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
13(1)(d).	(d) an explanation of how the key elements of the methodology laid down in point (a) reflect ESG factors for each benchmark or family of benchmarks, with the exception of interest rate and foreign exchange benchmarks.	CFB does not provide any benchmarks that take into account ESG factors. This is stated on all CFB's Benchmark Statements.	Please refer to 27(2a) below.
13(2).	The procedures required under point (c) of paragraph 1 shall provide for:	Please refer to 13(1)(c) above.	Please refer to 13(1)(c) above.
13(2)(a).	(a) advance notice, with a clear time frame, that gives the opportunity to analyse and comment upon the impact of such proposed material changes; and		



## Title II – BENCHMARK INTEGRITY AND RELIABILITY

### Article 13. Transparency of methodology

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
13(2)(b).	(b) the comments referred to in point (a) of this paragraph, and the administrator's response to those comments, to be made accessible after any consultation, except where confidentiality has been requested by the originator of the comments.		
13(2a).	The Treasury may make regulations to supplement this Regulation by laying down the minimum content of the explanation referred to in point (d) of the first subparagraph of paragraph 1 of this Article, as well as the standard format to be used.	This is not applicable as CFB only administers cryptocurrency benchmarks.	No testing performed due to the nature of the requirement.
13(3).	The FCA may make technical standards to specify further the information to be provided by an administrator in compliance with the requirements laid down in paragraphs 1 and 2, distinguishing for different types of benchmarks and sectors as set out in this Regulation. The FCA shall take into account the need to disclose those elements of the methodology that provide for sufficient detail to allow users to understand how a benchmark is provided and to assess its representativeness, its relevance to particular users and its appropriateness as a reference for financial instruments and contracts and the principle of proportionality. However, the technical standards shall not cover or apply to administrators of non-significant benchmarks.	This is not applicable as CFB only administers non-significant benchmarks.	No testing performed due to the nature of the requirement.



**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 14. Reporting of infringements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
14(1).	<p>An administrator shall establish adequate systems and effective controls to ensure the integrity of input data in order to be able to identify and report to the FCA any conduct that may involve manipulation or attempted manipulation of a benchmark, under Regulation (EU) No 596/2014.</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB has established adequate systems and effective controls to ensure the integrity of input data in order to be able to identify and report to the FCA any conduct that may involve manipulation or attempted manipulation of a benchmark.</p> <p><b>Business Process</b></p> <p>CFB maintains the <i>Benchmark Surveillance Policy</i> which details the benchmark surveillance function, potential forms of benchmark manipulation and identifying their occurrences, and CFB's benchmark surveillance alert handling process and procedures.</p> <p>CFB's benchmark methodologies are also designed to mitigate certain forms of benchmark manipulation defined and documented in the <i>Benchmark Surveillance Policy</i>.</p> <p>CFB also maintains the <i>Benchmark Surveillance Alert Handling Procedure</i> which details CFB's operational response when a benchmark surveillance alert handling process is triggered.</p> <p>A daily Breach Report is sent to CFB's Compliance Officer on a T+1 basis. The <i>Breach Report</i> contains all data that exceeded the Potentially Erroneous Data threshold from the CME CF Single Asset Series, CF Single Asset Series, and CF Staking Series<sup>1</sup>.</p> <p><b>Control Description – Surveillance Policy</b></p> <p>The <i>Benchmark Surveillance Policy</i> is subjected to an annual review and approval by the Board of Directors.</p> <p>Section 4 (Form of Benchmark Manipulation and Identifying their Occurrence) of the <i>Benchmark Surveillance Policy</i> sets out CFB's mitigation and surveillance measures for benchmark manipulation.</p> <p><b>Control Description – Daily Surveillance of Inputs</b></p> <p>Daily post the benchmarks publication the CFB automatically scan the inputs against erroneous data parameters defined for each of the benchmarks (the CME CF Single Asset Series, CF Single Asset Series, and</p>	<ol style="list-style-type: none"> <li>1) Obtained the <i>Benchmark Surveillance Policy</i> and inspected for evidence that it includes details of CFB's benchmark surveillance framework to ensure the integrity of input data and identify and report any conduct that may involve manipulation or attempted manipulation of CFB's benchmarks.</li> <li>2) Obtained the <i>Benchmark Surveillance Policy</i> and meeting minutes of the Board of Directors and inspected for evidence of annual review and approval of Benchmark Surveillance Policy.</li> <li>3) Obtained the <i>Benchmark Surveillance Alert Handling Procedure</i> and inspected for evidence that it defines the materiality threshold for the Compliance Officer to investigate individual benchmark surveillance alerts.</li> <li>4) For a sample of dates selected, obtained the Daily Breach Report and inspected for evidence that the report was generated and sent to the Compliance Officer.</li> <li>5) For a sample of dates selected, where there was a breach against the materiality threshold, obtained the write-ups and evidence of escalation and inspected for evidence that the Compliance Officer investigated the issue in line with the <i>Benchmark Surveillance Alert Handling Procedure</i>.</li> </ol> <p><b>Test Results:</b> No exceptions noted based on the procedures performed, except for:</p> <p>The Benchmark Surveillance Policy is required to be reviewed and approved by the Board of Directors on an annual basis.</p> <p>During the review period, the policy was reviewed by Compliance however, was not approved by the Board of Directors until April 2024.</p>

<sup>1</sup> All other in-scope Benchmark series are either: i. Multi-Asset Benchmarks (CF Classification Series and the CF Capitalization Series) where input data is sourced from other underlying CFB Benchmarks; or ii. Regulated-Data Benchmarks (CF Rolling CME Futures Indices and CF Volatility Series), which are not subject to Article 11(2) (see Article 17).





**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 14. Reporting of infringements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>CF Staking Series). This alerting system assesses for the following benchmark manipulation-related risks:</p> <ul style="list-style-type: none"> <li>a) Transactions during the benchmark observation window to manipulate the benchmark;</li> <li>b) Placing orders with no intention to trade (Spoofing) to manipulate the benchmark; and</li> <li>c) Staking reward rates and fees obtained from constituent staking providers.</li> </ul> <p>All triggered alerts are included in the <i>Daily Breach Report</i> automatically sent to CFB's Compliance Officer. The approach to reviewing the alerts is set out in the <i>Benchmark Surveillance Alert Handling Procedure</i>.</p> <p>Those that breached the materiality threshold defined in Appendix I (De Minimis Alerting Thresholds Proposal for Reference Rates and Settlement Prices) and Appendix II (De Minimis Alerting Thresholds Proposal for Real Time Indices and Spot Rates) of the <i>Benchmark Surveillance Alert Handling Procedure</i> are subject to review and further investigation by the Compliance Officer.</p> <p>The result and conclusion of this analysis is documented in a write-up. Where required, the Compliance Officer will contact the relevant input data provider for further details.</p>	<p><b>CFB Management Response:</b></p> <p>Acknowledged, the policy was reviewed by management who considered there were insufficient changes to require approval by the Board as stipulated by the policy.</p>
14(2).	<p>An administrator shall monitor input data and contributors in order to be able to notify the FCA and provide all relevant information where the administrator suspects that, in relation to a benchmark, any conduct has taken place that may involve manipulation or attempted manipulation of the benchmark, under Regulation (EU) No 596/2014, including collusion to do so. The competent authority of the administrator shall, where applicable, transmit such information to the relevant authority under Regulation (EU) No 596/2014.</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB monitors input data in order to be able to notify the FCA and provide all relevant information where CFB suspects that, in relation to a benchmark, any conduct has taken place that may involve manipulation or attempted manipulation of its benchmarks under the UK Market Abuse Regulation (MAR).</p> <p><b>Control Description</b></p> <p>CFB maintains the <i>Benchmark Surveillance Policy</i> which details CFB's approach to monitoring input data to enable it to notify the FCA.</p> <p>Section 5 (Alert Handling Process and Procedures) of the <i>Benchmark Surveillance Policy</i> sets out CFB's benchmark surveillance alert handling process. See Article 14(1) above for further details.</p>	<p>1) Obtain the <i>Benchmark Surveillance Policy</i> and inspect for evidence that it includes details of CFB's alert handling process and the requirement for CFB to report instances of benchmark manipulation behaviour to the FCA via filing a STOR.</p> <p>Please see Article 14(1) for test procedure on the Daily Breach Report and associated write-ups and escalations.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>





**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 14. Reporting of infringements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
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Following a review of the daily alerts, the Compliance Officer determines whether the identified behaviour is, or is likely to be, a form of benchmark manipulation in breach of UK MAR. In cases of reasonable suspicion of benchmark manipulation, the Compliance Officer arranges for the required Suspicious Transaction Order Report (STOR) to be made to the FCA.

14(3).	<p>Administrators shall have procedures in place for their managers, employees and any other natural persons whose services are placed at their disposal or under their control to report internally infringements of this Regulation.</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB has procedures in place for its staff to report internal infringements of the BMR.</p> <p><b>Control Description - Policy Infringements</b></p> <p>CFB maintains the <i>Benchmark Surveillance Policy</i> which sets out the training provided to all staff on the Policy to ensure that they are aware of the requirement to escalate any suspicious activities to the Compliance Officer immediately. Section 4.5 (Vigilance of Employees to Benchmark Manipulation) requires all CFB's staff to receive training on the Policy to ensure that they are aware of the benchmark surveillance policy and procedures.</p> <p>Where an employee identifies anything suspicious, they are required to escalate the matter to CFB's Compliance Officer immediately and the Alert Handling Process will be triggered.</p> <p>Section 7 (Internal Reporting of Infringements) of the <i>Governance &amp; Oversight Framework</i> sets out CFB's measure to ensure understanding of the UK BMR regulations (section 7.1) and reporting of infringements (section 7.2), the latter of which triggers the procedure in section 8 (Internal Alert Handling Process &amp; Procedures).</p> <p>CFB maintains a <i>Benchmarks Compliance Log</i> where all infringement incidents along with supporting content are recorded.</p> <p><b>Control Description – Code of Conduct Attestation</b></p> <p>Section 10 (Internal Reporting of Infringements) of the <i>Code of Conduct</i> sets out the requirement for all persons employed by CFB to familiarise themselves with the specifics of the internal reporting process for infringements, and that the persons must ensure that they feel equipped to recognise any potential infringements.</p>	<p>1) Obtain the <i>Benchmark Surveillance Policy</i> and inspect for evidence that it includes the requirement for all staff to receive mandatory training on the Policy and Benchmark Surveillance procedures.</p> <p>2) Obtained CFB's training material and inspected for evidence that the training provided to CFB staff includes the requirement to escalate any suspicious activities to the Compliance Officer immediately.</p> <p>Please see Article 4(7)(a) and 4(7)(b) for test procedure on the mandatory training provision to CFB's staff and attendance to the training.</p> <p>3) Obtained the <i>Governance &amp; Oversight Framework</i> and inspected for evidence that it includes measure to ensure understanding of the UK BMR, the requirement for all staff to report infringements, and the infringement report handling process.</p> <p>Please see Article 4 for test procedures on the review and approval of the <i>Governance &amp; Oversight Framework</i>.</p> <p>4) Obtained the <i>Code of Conduct</i> and inspected for evidence that it requires all persons employed by CFB to familiarise themselves with the specifics of the internal reporting process for infringements, and that the persons must ensure that they feel equipped to recognise any potential infringements.</p> <p>Please see Article 4 for test procedures on the attestation and review and approval of the <i>Code of Conduct</i>.</p> <p>5) For the population of employee's escalation of suspicious activities to CFB's Compliance Officer, obtained the</p>
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**Title II – BENCHMARK INTEGRITY AND RELIABILITY**

**Article 14. Reporting of infringements**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
		<p>All CFB staff must attest to the <i>Code of Conduct</i> on an annual basis, which sets out the requirement for all CFB staff to be familiarised with the internal reporting process for infringements.</p>	<p>Compliance Officer's investigation and follow-up and inspected for evidence that the Compliance Officer had followed the Alert Handling Process stipulated in the <i>Benchmark Surveillance Policy</i> for all escalations from CFB's employees.</p> <p>6) For the population of infringement incidents during the review period, obtained the <i>Benchmarks Compliance Log</i> and inspected for evidence that all infringement incidents and their supporting evidence were included in the log.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



**Title III – REQUIREMENTS FOR DIFFERENT TYPES OF BENCHMARKS**

**Article 17. Regulated-data benchmarks**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
17(1).	Article 11(1)(d) and (e), Article 11(2) and (3), Article 14(1) and (2), and Articles 15 and 16 shall not apply to the provision of and the contribution to regulated-data benchmarks. Article 8(1)(a) shall not apply to the provision of regulated-data benchmarks with reference to input data that are contributed entirely and directly as specified in point (24) of Article 3(1).	<p>As noted in the <i>Input Data Policy</i>, CFB classifies Benchmarks that utilise input data from a regulated trading venue, the Chicago Mercantile Exchange (CME), as Regulated Data Benchmarks in accordance with the BMR.</p> <p>In line with the above, CFB classifies the following Benchmark series as Regulated Data Benchmarks:</p> <ul style="list-style-type: none"> <li>a) CF Rolling CME Futures Indices; and</li> <li>b) CF Volatility Series.</li> </ul>	<ol style="list-style-type: none"> <li>1) Obtained the CFB <i>Input Data Policy</i> and inspected for evidence that it defines the classification of Regulated Data Benchmarks as per the control description.</li> <li>2) Obtained and inspected methodology documents of the CF Rolling CME Futures Indices and CF Volatility Series for evidence that input data is defined as from the CME.</li> </ol>
17(2).	Articles 24 and 25 or Article 26 shall, as applicable, apply to the provision of, and the contribution to, regulated-data benchmarks that are used directly or indirectly within a combination of benchmarks as a reference for financial instruments or financial contracts or for measuring the performance of investment funds, having a total value of up to EUR 500 billion, on the basis of all the range of maturities or tenors of the benchmark, where applicable.	<p>See Article 26 below in respect to the requirements of Article 17(2).</p>	<p>Please refer to Article 11(1)(a) for further testing on the CF Rolling CME Futures and CF Volatility Series methodology and regulated input data.</p> <p>Please refer to Article 27 for further testing on the <i>CF Regulated-Data Benchmarks – Benchmark Statement</i>.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



**Title III – REQUIREMENTS FOR DIFFERENT TYPES OF BENCHMARKS**

**Article 26. Non-significant benchmarks**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
26(1).	An administrator may choose not to apply Articles 4(2), points (c), (d) and (e) of Article 4(7), Articles 4(8), 5(2), 5(3), 5(4), 6(1), 6(3), 6(5), 7(2), point (b) of Article 11(1), points (b) and (c) of Article 11(2), and Articles 11(3), 13(2), 14(2), 15(2), 16(2) and (3) with respect to its non-significant benchmarks.	CF Benchmarks has chosen to apply the regulatory provisions referenced in Article 26(1).	No testing performed due to the nature of the requirement.
26(2).	An administrator shall immediately notify FCA when the administrator's non-significant benchmark exceeds the threshold mentioned in point (a) of Article 24(1). In that case, it shall comply with the requirements applicable to significant benchmarks within three months.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB will notify the competent authority when their non-significant benchmarks exceed the thresholds (as described in Article 24(1) of EUR50 billion) to become significant benchmarks.</p> <p><b>Business Process</b></p> <p>CFB's indices are currently classed as non-significant, with the total outstanding notional recorded in the <i>CFB Index Usage Assessment</i>. Should this change, CFB would notify the competent authority within three months.</p> <p>The in-scope assets subject to measurement are the Bitcoin Reference Rate (BRR) and the Ether Reference Rate (ETHUSD_RR). These are a part of the CME CF Cryptocurrency Pricing Products and are discussed by the 'CME CF Oversight Committee'.</p> <p><b>Control Description</b></p> <p>The <i>CFB Index Usage Assessment</i> is updated on (at least) an annual basis to reflect the BRR and ERR total outstanding notional.</p> <p>The results of the BRR and ERR outstanding notional are presented to the 'CME CF Oversight Committee' on (at least) an annual basis.</p>	<p>1) Obtained and inspected the <i>CFB Index Usage Assessment</i> for evidence that:</p> <ul style="list-style-type: none"> <li>a) it was updated on (at least) an annual basis to reflect the assets subject to measurement; and</li> <li>b) the total outstanding notional of BRR and ETHUSD_RR is below EUR50 billion.</li> </ul> <p>2) Obtained and inspected the <i>CME CF Oversight Committee minutes</i> for evidence that the assets subject to measurement were presented on a (at least) an annual basis.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
26(3).	Where an administrator of a non-significant benchmark chooses not to apply one or more of the provisions referred to in paragraph 1, it shall publish and maintain a compliance statement which shall clearly state why it is appropriate for that administrator not to comply with those provisions. The administrator shall provide the compliance statement to the FCA.	CF Benchmarks has chosen to not apply the regulatory provisions referenced in Article 26(1).	No testing performed as this provision is not applicable to CFB in the period.
26(4).	The FCA shall review the compliance statement referred to in paragraph 3 of this Article. The FCA may also request additional information from the	CF Benchmarks has chosen to not dis-apply the regulatory provisions referenced in Article 26(1).	No testing performed as this provision is not applicable to CFB in the period.



**Title III – REQUIREMENTS FOR DIFFERENT TYPES OF BENCHMARKS**

**Article 26. Non-significant benchmarks**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
26(5).	<p>administrator in respect of its non-significant benchmarks in accordance with any United Kingdom legislation which was relied on by the United Kingdom before IP completion day to implement Article 41 of the EU Benchmarks Regulation and may require changes to ensure compliance with this Regulation.</p> <p>The FCA may make technical standards to develop a template for the compliance statement referred to in paragraph 3.</p>	<p>CF Benchmarks has chosen to not dis-apply the regulatory provisions referenced in Article 26(1).</p>	<p>No testing performed as this provision is not applicable to CFB in the period.</p>



**Title IV – TRANSPARENCY AND CONSUMER PROTECTION**

**Article 27. Benchmark statement**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
27(1).	<p>Within two weeks of the inclusion of an administrator in the FCA register, the administrator shall publish, by means that ensure fair and easy access, a benchmark statement for each benchmark or, where applicable, for each family of benchmarks, that may be used in the United Kingdom in accordance with Article 29.</p> <p>Where that administrator begins providing a new benchmark or family of benchmarks that may be used in the United Kingdom in accordance with Article 29, the administrator shall publish, within two weeks and by means that ensure a fair and easy access, a benchmark statement for each new benchmark or, where applicable, family of benchmarks.</p> <p>The administrator shall review and, where necessary, update the benchmark statement for each benchmark or family of benchmarks in the event of any changes to the information to be provided under this Article and at least every two years.</p> <p>The benchmark statement shall:</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB publishes a benchmark statement for each benchmark or family of benchmarks that may be used in the United Kingdom. For newly provided benchmarks, CFB shall publish a benchmark statement for each benchmark or family of benchmarks within two weeks.</p> <p>CFB shall review and (where necessary) update each benchmark statement in the event of changes under this article and at least every two years.</p> <p>These statements shall:</p> <ol style="list-style-type: none"> <li>Clearly define the market or economic reality measured by the benchmark and circumstances where measurement may become unreliable;</li> <li>Include technical specifications for when discretion may be exercised, the criteria for exercising, the position of people who can exercise, and how the discretion is evaluated;</li> <li>Make clear that possible factors (including external) beyond the control of CFB may necessitate changes or cessation of the benchmarks; and</li> <li>Advise users that changes or cessation of the benchmarks may have an impact on the financial contracts and instruments that reference the benchmarks or the performance of investment funds.</li> </ol>	<ol style="list-style-type: none"> <li>Inspected the CFB website for evidence that all in-scope benchmark statements are made publicly available.</li> <li>Obtained and inspected CFB's benchmark statements for evidence of criteria (a-d) noted in the Control Description.</li> <li>Obtained the <i>CME CF Oversight Committee minutes</i> and inspected for evidence that the <i>CME CF Reference Rates – Benchmark Statement</i> was reviewed on (at least) a biennial basis.</li> <li>Obtained the <i>CF Oversight Function minutes</i> and inspected for evidence that the <i>CF Single Asset, CF Multi Asset, CF Regulated-Data Benchmarks</i>, and the <i>CF Staking Series Benchmark Statements</i> were reviewed on (at least) a biennial basis.</li> </ol> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
27(1)(a).	(a) clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable;	<p><b>Business Process</b></p> <p>CFB publishes benchmark statements for each of their benchmark families on their website. These include:</p> <ol style="list-style-type: none"> <li><i>CME CF Reference Rates - Benchmark Statement</i>;</li> <li><i>CF Single Asset Series - Benchmark Statement</i>;</li> <li><i>CF Multi Asset Series - Benchmark Statement</i>;</li> <li><i>CF Regulated-Data Benchmarks – Benchmark Statement</i>; and</li> <li><i>CF Staking Series Benchmark Statement</i>.</li> </ol>	
27(1)(b).	(b) lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated;	<p><b>Control Description:</b></p> <p>All CFB benchmark statements are made available on the public website and:</p> <ol style="list-style-type: none"> <li>Define the underlying market measured by the benchmark;</li> <li>The statements clarify that the firm does not exercise discretion in its day-to-day calculation of the benchmarks and lays out details of circumstances in which it may do so and references the codified policies by which this Expert Judgement is to be exercised and evaluated.</li> </ol>	
27(1)(c).	(c) provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark; and		
27(1)(d).	(d) advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial		



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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
	contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.	c) Make clear the factors beyond CFB's control necessitating changes or cessation of the benchmark; and d) Advise that changes or cessation of the benchmark may have an impact on the market for the financial instruments and investment funds that utilise the benchmark.	
		The CME CF Oversight Committee is responsible for approving the <i>CME CF Reference Rates – Benchmark Statement</i> on (at least) a biennial basis.	
		The CF Oversight Function is responsible for approving the <i>CF Single Asset, CF Multi Asset, CF Regulated-Data Benchmarks</i> , and the <i>CF Staking Series Benchmark Statements</i> on (at least) a biennial basis.	
27(2).	A benchmark statement shall contain at least:	<b>Control Objective</b>	1) Obtained and inspected CFB's benchmark statements for evidence of criteria (a-g) noted in the Control Description.
27(2)(a).	(a) the definitions for all key terms relating to the benchmark;	To provide reasonable assurance that CFB's benchmark statements shall contain at least the:	Please refer to Article 27(1) for review and approval of the CFB benchmark statements.
27(2)(b).	(b) the rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology;	a) Definitions of all key terms relating to the benchmark; b) Rational for adopting the benchmark methodology and procedures for review and approval of the methodology;	<b>Test Results:</b> No exceptions noted based on the procedures performed.
27(2)(c).	(c) the criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index;	c) Criteria and procedures used to determine the benchmark, including input data description, priority given to different input data, minimum data needed for benchmark determination, usage of any means of extrapolation, and any rebalancing procedures for constituents; d) Rules that govern any exercise of judgement or discretion by CFB;	
27(2)(d).	(d) the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion;	e) Procedures that govern benchmark determination in periods of stress or where transaction data sources may be insufficient, inaccurate, or unreliable; f) Procedures to deal with errors in input data or in benchmark determination, including when benchmark re-determination is required; and	
27(2)(e).	(e) the procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods;	g) Identification of potential benchmark limitations, including its operation in illiquid or fragmented markets and possible concentration of inputs.	
		<b>Control Description</b>	
		All CFB benchmark statements in scope include:	
		a) Benchmark description and aims;	



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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
27(2)(f).	(f) the procedures for dealing with errors in input data or in the determination of the benchmark, including when a re-determination of the benchmark is required; and	<ul style="list-style-type: none"> <li>b) References to the public methodology(s) involving the benchmarks, in addition to their compliance to Article 12 of the UK BMR;</li> <li>c) Restatement and republishing criteria;</li> <li>d) How they do not utilise expert judgement;</li> <li>e) The usage of the benchmarks;</li> <li>f) Publication timings;</li> <li>g) Changes to or cessation of the benchmarks; and</li> <li>h) The oversight bodies relevant to the benchmarks.</li> </ul>	
27(2)(g).	(g) the identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.		
27(2a).	<p>By 30 April 2020, for each of the requirements referred to in paragraph 2, the benchmark statement shall contain an explanation of how ESG factors are reflected in each benchmark or family of benchmarks provided and published. For those benchmarks or families of benchmarks that do not pursue ESG objectives, it shall be sufficient for benchmark administrators to clearly state in the benchmark statement that they do not pursue such objectives. Where no UK Climate Transition Benchmarks or UK Paris- aligned Benchmarks is available in the portfolio of that individual benchmark administrator, or the individual benchmark administrator has no benchmarks that pursue ESG objectives or take into account ESG factors, this shall be stated in the benchmark statements of all benchmarks provided by that administrator. For significant equity and bond benchmarks, as well as for UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks, benchmark administrators shall disclose in their benchmark statements details on whether or not and to what extent a degree of overall alignment with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement is ensured the disclosure rules for financial products in Article 9(3) of Regulation (EU) 2019/2088 of the European Parliament and of the Council(27).</p> <p>By 31 December 2021, benchmark administrators shall, for each benchmark or, where applicable, each family of benchmarks, with the exception of interest rate and foreign exchange benchmarks, include in their</p>	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB benchmark statements contain an explanation of how ESG factors are reflected in each benchmark or family of benchmarks. For those benchmarks or families of benchmarks that do not pursue ESG objectives, the statements shall clearly state they do not pursue such objectives.</p> <p><b>Control Description</b></p> <p>All CFB benchmark statements include references to how they do not specifically integrate Environmental, Social and Governance (ESG) factors in their design and therefore do not pursue ESG objectives.</p>	<ul style="list-style-type: none"> <li>1) Obtained and inspected CFB's benchmark statements for evidence of the disclaimer that they do not pursue ESG objectives.</li> </ul> <p>Please refer to Article 27(1) for review and approval of the CFB benchmark statements.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>





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BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
	benchmark statement an explanation of how their methodology aligns with the target of carbon emission reductions or attains the objectives of the Paris Agreement.		
27(2b).	The Treasury may make regulations to supplement this Regulation by further specifying the information to be provided in the benchmark statement pursuant to paragraph 2a of this Article, as well as the standard format to be used for references to ESG factors to enable market participants to make well-informed choices and to ensure the technical feasibility of compliance with that paragraph.	Not applicable.	No testing performed due to the nature of the requirement.
27(3).	The FCA may make technical standards to specify further the contents of a benchmark statement and the cases in which an update of such statement is required. The FCA shall distinguish between the different types of benchmarks and sectors as set out in this Regulation and shall take into account the principle of proportionality.	Please refer to the RTS below.	Please refer to the RTS below.
RTS 2018/1643 Article 1 1	The benchmark statement shall state:	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's benchmark statements state:</p> <ul style="list-style-type: none"> <li>a) Publication date and, where applicable, date of the last update;</li> <li>b) Whether the benchmark or family of benchmarks is determined through contributions of input data; and</li> <li>c) Whether the benchmark or family of benchmarks qualify as a Title III benchmark.</li> </ul> <p><b>Control Description</b></p> <p>All CFB benchmark statements include:</p> <ul style="list-style-type: none"> <li>a) Date of publication and last updates;</li> <li>b) A statement that they are not determined using contributions of input data.; and</li> <li>c) The CF <i>Regulated-Data Benchmarks – Benchmark Statement</i> clearly states that it refers to benchmarks that are identified as Regulated Data.</li> </ul>	<p>1) Obtained and inspected CFB's benchmark statements for evidence that they include the information as described within the Control Description.</p> <p>Please refer to Article 27(1) for review and approval of the CFB benchmark statements.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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### Article 27. Benchmark statement

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
RTS 2018/1643 Article 1 1(a).	(a) the date of publication of the statement and, where applicable, the date of its last update;	Please refer to RTS 2018/1643 Article 1 (1) for the respective control description.	Please refer to RTS 2018/1643 Article 1 (1) for the respective testing.
RTS 2018/1643 Article 1 1(b).	(b) where available, the international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of where the ISINs are publicly accessible free of charge;	N/A – CFB's Benchmarks do not currently have an ISIN.	No testing performed.
RTS 2018/1643 Article 1 1(c).	(c) whether the benchmark, or any benchmark in the family of benchmarks, is determined using contributions of input data;	Please refer to RTS 2018/1643 Article 1 (1) for the respective control description.	Please refer to RTS 2018/1643 Article 1 (1) for the respective testing.
RTS 2018/1643 Article 1 1(d).	(d) whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.	Please refer to RTS 2018/1643 Article 1 (1) for the respective control description.	Please refer to RTS 2018/1643 Article 1 (1) for the respective testing.
RTS 2018/1643 Article 1 2	In defining the market or economic reality, the benchmark statement shall include at least the following information:	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's benchmark statements define at least a general description of the market or economic reality.</p> <p><b>Control Description</b></p> <p>All CFB benchmark statements include a 'Benchmark Description and Aims' section, which highlights the underlying economic reality of the benchmark.</p>	<p>1) Obtained and inspected CFB's benchmark statements for evidence that they include a description of the underlying economic reality of the benchmark.</p> <p>Please refer to Article 27(1) for review and approval of the CFB benchmark statements.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
RTS 2018/1643 Article 1 2(a).	(a) a general description of the market or economic reality;	Please refer to RTS 2018/1643 Article 1 (2) for the respective control description.	Please refer to RTS 2018/1643 Article 1 (2) for the respective testing.
RTS 2018/1643 Article 1 2(b).	(b) the geographical boundaries, if any, of the market or economic reality;	N/A – CFB's Benchmarks do not have geographical boundaries.	No testing performed.



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### Article 27. Benchmark statement

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
RTS 2018/1643 Article 1 2(c).	<p>(c) any other information that the administrator reasonably considers to be relevant or useful to help users or potential users of the benchmark to understand the relevant features of the market or economic reality, including at least the following elements insofar as reliable data on these elements is available:</p> <p>(i) information on actual or potential participants in the market;</p> <p>(ii) an indication of the size of the market or economic reality.</p>	This provision does not apply to CFB as per RTS 2018/1642 Article 1 (7): exclusion for non-significant benchmarks or family of non-significant benchmarks.	No testing performed.
RTS 2018/1643 Article 1 3	In defining the potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable, the benchmark statement shall include at least:	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB's benchmark statements shall include a description of the circumstances where CFB would lack sufficient input data for determining the benchmark relative to the methodology.</p> <p><b>Control Description</b></p> <p>All CFB benchmarks statements note that there may be circumstances where they would need to cease a benchmark due to input data becoming unavailable.</p>	<p>1) Obtained and inspected CFB's benchmark statements for evidence that they include the circumstances where they would need to cease the benchmark.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
RTS 2018/1643 Article 1 3(a).	(a) a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark in accordance with the methodology;	Please refer to RTS 2018/1643 Article 1 (3) for the respective control description.	Please refer to RTS 2018/1643 Article 1 (3) for the respective testing.
RTS 2018/1643 Article 1 3(b).	(b) where relevant, a description of instances when the accuracy and reliability of the methodology used for determining the benchmark can no longer be ensured, such as when the administrator deems the liquidity in the underlying market as insufficient;	This provision does not apply to CFB as per RTS 2018/1642 Article 1 (7): exclusion for non-significant benchmarks or family of non-significant benchmarks.	No testing performed.
RTS 2018/1643 Article 1 3(c).	(c) any other information that the administrator reasonably considers to be relevant or useful to help users and potential users to understand the circumstances in which the measurement of the market or economic reality may become unreliable, including a description of what might constitute an exceptional market event.	This provision does not apply to CFB as per RTS 2018/1642 Article 1 (7): exclusion for non-significant benchmarks or family of non-significant benchmarks.	No testing performed.



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**Article 27. Benchmark statement**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
RTS 2018/1643 Article 1 4	In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations.	This provision does not apply to CFB as per RTS 2018/1642 Article 1 (7): exclusion for non-significant benchmarks or family of non-significant benchmarks.	No testing performed.
RTS 2018/1643 Article 1 5	In specifying the procedures for review of the methodology, the benchmark statement shall at least outline the procedures for public consultation on any material changes to the methodology.	This provision does not apply to CFB as per RTS 2018/1642 Article 1 (7): exclusion for non-significant benchmarks or family of non-significant benchmarks.	No testing performed.
RTS 2018/1643 Article 1 6	Point (c) of paragraph 3, and paragraph 5, shall not apply to the benchmark statement: (a) for a significant benchmark; or (b) for a family of benchmarks that does not include any critical benchmarks and does not consist solely of non- significant benchmarks.	This provision does not apply to CFB as the firm's benchmarks are all non-significant.	No testing performed.
RTS 2018/1643 Article 1 7	In the case of a benchmark statement for a non-significant benchmark or for a family of benchmarks that consists solely of non- significant benchmarks: (a) the following provisions of this Article shall not apply: <ul style="list-style-type: none"> <li>i. point (c) of paragraph 2;</li> <li>ii. points (b) and (c) of paragraph 3,</li> <li>iii. paragraphs 4 and 5; and (b) the requirements of points (a) and (b) of paragraph 2 may be satisfied alternatively by including a clear reference in the benchmark statement to a published document that includes the same information and is accessible free of charge.</li> </ul>	Please see provisions above for exclusions.	No testing performed.
RTS 2018/1643 Article 1 8	Administrators may include additional information at the end of their benchmark statements provided that, if this is done by referring to a published document containing the information, the document shall be one that is accessible free of charge.	<b>Control Objective</b> To provide reasonable assurance that any additional information CFB includes at the end of their benchmark statements through referring to a published document shall be accessible free of charge.	1) Obtained and inspected CFB's benchmark statements for evidence that any separate documents referenced are either published or available upon request.  <b>Test Results:</b> No exceptions noted based on the procedures performed.



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**Article 27. Benchmark statement**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
RTS 2018/1643 Article 2	<p>In addition to the information to be included pursuant to Article 1, for a regulated-data benchmark or, where applicable, family of regulated-data benchmarks, the benchmark statement shall state at least the following in its description of the input data:</p> <p>(a) the sources of the input data used;                      (b) for each source, the relevant type, as listed in Article 3(1)(24) of Regulation (EU) 2016/1011.</p>	<p><b>Control Description</b>                      Where CFB benchmark statements reference additional documents there are either links provided to online documents or footnotes noting that the documents referred to are 'Available upon Request'.</p> <p><b>Control Objective</b>                      To provide reasonable assurance that CFB's regulated-data benchmarks adhere to the applicable provisions in Article 1 above, and state at least the following when describing the input data;</p> <ul style="list-style-type: none"> <li>a) Sources of the input data used;</li> <li>b) The relevant type per source as per Article 3(1)(24) of the UK BMR.</li> </ul> <p><b>Control Description</b>                      The <i>CF Regulated-Data Benchmarks – Benchmark Statement</i> defines the input data for the CF Rolling CME Futures Indices and the CF Volatility Series as CME.</p>	<p>1) Obtained and inspected the <i>CF Regulated-Data Benchmarks – Benchmark Statement</i> for evidence that they define the CME as the source of the input data used.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
RTS 2018/1643 Article 6	<p>In addition to the cases referred to in the third subparagraph of Article 27(1) of Regulation (EU) 2016/1011, an update of the benchmark statement shall be required whenever the information contained in the statement ceases to be correct or sufficiently precise, and including in any event in the following cases: (a) whenever there is a change in the type of the benchmark; (b) whenever there is a material change in the methodology used for determining the benchmark or, if the benchmark statement is for a family of benchmarks, in the methodology used for determining any benchmark within the family of benchmarks.</p>	<p><b>Control Objective</b>                      To provide reasonable assurance that CFB updates the benchmark statements when the information in the statements cease to be correct or precise, or when there is a:</p> <ul style="list-style-type: none"> <li>a) Change in the type of benchmark; and</li> <li>b) Material change in the methodology used for benchmark determination or benchmark family determination.</li> </ul> <p><b>Control Description</b>                      All CFB benchmark statements confirm that they will update the statement in the event of any changes to the information provided, including but not limited to any updates to the methodology.</p>	<p>1) Obtained and inspected the CFB benchmark statements for evidence of the confirmation (on updates) noted in the Control Description.</p> <p>2) For a sample of changes to the types of benchmarks or material changes to the methodologies in relation to benchmark determination, obtained and inspected the benchmark statements for evidence of relevant updates being made.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>



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**Article 28. Changes to and cessation of a benchmark**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
28(1).	An administrator shall publish a robust procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the United Kingdom in accordance with Article 29(1). The procedure may be drafted, where applicable, for families of benchmarks.	<p><b>Control Objective</b></p> <p>To provide reasonable assurance that CFB publishes a procedure on the actions they will take in the event of changes to or the cessation of a benchmark and that this is published with the benchmark statements for relevant Benchmarks.</p>	<p>1) Obtained and inspected a sample of the public benchmark statements for evidence that they include key sections on the changes and cessation procedures and reference the ability to request the <i>Governance and Oversight Framework</i> document.</p>
1A	<p>The procedure described in paragraph 1—</p> <p>a. must be published with the benchmark statement for the benchmark when that statement is published in accordance with the first or second subparagraph of Article 27(1), and</p> <p>b. must be updated and published whenever a material change occurs.</p>	<p><b>Control Description</b></p> <p>The public benchmark statements include key sections on the changes and cessation procedures of the respective Benchmarks. Benchmark statements are reviewed on at least a biennial basis by the relevant Oversight Organ. Please refer to Article 27(1) above for further details.</p> <p>Please refer to Article 13(1)(c) for Business Processes and Control Descriptions relating to the <i>'Methodology Change and Cessation Consultation Process &amp; Procedure'</i>.</p>	<p>Please refer to Article 27(1) for testing in relation to the biennial review of benchmark statements.</p> <p>Please refer to Article 13(1)(c) for testing in relation to the <i>'Methodology Change and Cessation Consultation Process &amp; Procedure'</i>.</p> <p><b>Test Results:</b> No exceptions noted based on the procedures performed.</p>
1B	<p>In the case of a critical benchmark —</p> <p>a. on the day on which a procedure described in paragraph 1 is published in accordance with paragraph 1A(a), the administrator must give the FCA an assessment of the matters described in paragraph 1C,</p> <p>b. the FCA must, before the end of the consideration period, consider whether a procedure published in accordance with paragraph 1A(a) satisfies paragraph 1,</p> <p>c. before publishing an update of a procedure described in paragraph 1 (whether in accordance with paragraph 1A(b) or otherwise), an administrator must give the update to the FCA, together with an assessment of the matters described in paragraph 1C,</p> <p>d. where the FCA is given an update of a procedure described in paragraph 1 by an administrator, it must, before the end of the consideration period, consider whether the update satisfies paragraph 1, and</p> <p>e. an administrator must not publish an update of a procedure described in paragraph 1 unless —</p> <p>i) the FCA has given a written notice to the administrator confirming that the update satisfies paragraph 1, or</p>	<p>CFB's benchmarks do not meet the threshold of critical benchmarks. Refer to Article 26(2) for details of Index Load monitoring.</p>	<p>No testing performed as this provision is not applicable to CFB in the period.</p>



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**Article 28. Changes to and cessation of a benchmark**

BMR ref	BMR Requirement	CFB's Response	KPMG Test Procedures and Results
	<p>ii) the consideration period has expired without the FCA giving a written notice to the administrator stating that the update does not satisfy that paragraph.</p>		
1C	<p>An assessment provided by an administrator for the purposes of paragraph 1B(a) or (c) must assess the following matters —</p> <ul style="list-style-type: none"> <li>a. the nature and extent of the current use of the benchmark,</li> <li>b. the availability of suitable alternatives to the benchmark, and</li> <li>c. how prepared users of the benchmark are for changes to, or the cessation of, the benchmark.</li> </ul>		
1D	<p>For the purposes of paragraph 1B, “the consideration period”, in relation to a procedure or an update of a procedure, means the period of 60 days beginning with the day on which the procedure is published or the update of the procedure is given to the FCA (as appropriate) (“the relevant day”), subject to any extension under paragraph 1E.</p>		
1E	<p>The FCA may extend the consideration period by giving a written notice to the administrator before its expiry but may not extend the period beyond the end of the period of six months beginning with the relevant day.</p>		
28(2).	<p>Supervised entities other than an administrator as referred to in paragraph 1 that use a benchmark shall produce and maintain robust written plans setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided. Where feasible and appropriate, such plans shall nominate one or several alternative benchmarks that could be referenced to substitute the benchmarks no longer provided, indicating why such benchmarks would be suitable alternatives. The supervised entities shall, upon request, provide the FCA with those plans and any updates and shall reflect them in the contractual relationship with clients.</p>	<p>This provision is not applicable to CF Benchmarks. CF Benchmarks is solely dedicated to the provision of benchmarks and does not utilise benchmarks itself.</p>	<p>No testing performed as this provision is not applicable to CFB in the period.</p>



## 7. Appendix 1 – Applications Referenced in the Report

Application name	Type	CFB Purpose
Simple Storage Service (S3)	AWS application	Record Keeping database
Admin tool	CFB-developed application in AWS	Amend values, rebalancing, amend failed validation
GCP (PubSub)	Third-party application	Collect certain input data
GitLab	Third-party application	Source code repository
PagerDuty	Third-party application	Notifier of critical alerts





## 8. Appendix 2 - Control Exceptions and Management Responses

### Control Design exceptions

Ref.	BMR Article Ref.	Exception noted in period (12 September 2022 to 12 September 2024)	CFB Management Response
1	6(3)(a)	<p><b>Scope of parallel calculation controls – CF Staking Series</b></p> <p>All single asset reference rates and settlement prices, except the CF Staking Series, have a pre-publication parallel calculation control activity in place to reconcile the benchmark values and investigate discrepancies identified.</p> <p>During the Period, the Staking Reward Rate (“SRR”) parallel calculation did not have a trigger for alerting discrepancies for investigation. These SRR values are used as an input to all the benchmarks in the CF Staking Series.</p> <p>As a result, there was a risk that operational errors in the calculation of the CF Staking Series were not identified prior to the benchmark’s publication.</p>	<p>CFB conducted parallel calculations of the SRR in two separate technology environments during the entire period in accordance with its policies. CFB acknowledges that had a discrepancy between the calculations occurred in the period then its staff would not have been actively alerted to the discrepancy.</p> <p>An active alert to cross environment validation discrepancies of the SRR will be implemented.</p>
2	12(1)(a)	<p><b>Re-performance check of quarterly re-balancing data collection – CF Classification Series and CF Capitalization Series</b></p> <p>For the CF Classification Series and CF Capitalization Series, CFB must determine the free-float supply of each constituent asset (both Coin-Centric and Account-Centric tokens) for use in the methodologies. CFB source the free-float supply by querying the respective blockchains and transform the data into the effective free-float supply as prescribed in the Ground Rules.</p> <p>However, during the Period, there were no re-performance control activities over this manual data capture and transformation process for both Coin-Centric and Account-Centric (only in relation to ERC-20) free-float supply.</p> <p>As a result, there was an increased risk that potential errors in the quarterly re-balancing process were not identified prior to announcing the new constituent weights.</p>	<p>CFB has undertaken a lookback assessment of prior quarterly re-balancing. As part of this, we identified that during the Q2 and Q3 2024 re-balancing process, the weighting of FET coin was incorrect due to not converting the free-float supply raw data into the effective free-float supply. The free-float supply raw data was used as the input to the weighting of FET coin. This was not identified with existing checks as FET coin was first introduced in the Q2 2024 re-balancing.</p> <p>For the two indices CF Blockchain Infrastructure Index and CF Broad Cap Index (Diversified Weight), the impact exceeded the threshold defined in the Restatement Policy. CFB will re-state the values on its website as per the Restatement Policy.</p> <p>No client impact has been identified as these indices were not licensed during the Period.</p> <p>CFB is planning to further automate the re-balancing process in the future.</p>



## Operating Effectiveness exceptions

Ref.	BMR Article Ref.	Exception noted in period (12 September 2022 to 12 September 2024)	CFB Management Response
1	4(6)	<p><b>Staff Code of Conduct Attestations – New Joiners</b></p> <p>New joiners are trained on the Code of Conduct upon joining. Since the start of 2023, employees are required to attest that they have read, understood, and will comply to the Code of Conduct. Between September 2022 and January 2023, the evidence of all five new joiners' conduct attestation was not collected.</p>	Acknowledged, active employees subsequently attested in the annual process. Since the start of 2023, new joiners are required to attest to the CFB Code of Conduct.
2	5(1)	<p><b>Frequency of Oversight Organ Meetings</b></p> <p>The Terms of Reference of the two Oversight Organs specify that they meet at a minimum on a quarterly basis.</p> <p>During the two-year review period, the CME CF Oversight Committee met six times. The CF Oversight Function met seven times.</p>	Acknowledged, during the period the business considered that the meeting frequency had provided sufficient oversight coverage. Terms of Reference have now been updated to reflect the Oversight meeting requirements.
3	14(1)	<p><b>Annual Approval of Benchmark Surveillance Policy</b></p> <p>The Benchmark Surveillance Policy is required to be approved by the Board of Directors on an annual basis.</p> <p>During the review period, the policy was reviewed by Compliance however was not approved by the Board of Directors until April 2024.</p>	Acknowledged, the policy was reviewed by management who considered there were insufficient changes to require approval by the Board as stipulated by the policy.