



CME CF Cryptocurrency Pricing Products Oversight Committee Meeting Minutes (SUMMARY)

April 20th 2023

Contents

Contents	1
1 Attendees & Quorum	2
2 Standing Items	3
3 Annual Review of CME CF Cryptocurrency Pricing Products Oversight Committee Documentation	4
4 Follow Up Review of Declared Conflicts of Interest	5
5 Extension of the CME CF BRR and ETHUSD by launch of APAC Close Variants (BRR_AP and ETHUSD_AP)	6
6 Amendment to the Potentially Erroneous Data Parameter for BTC-USD, BTC-EUR, ETH-USD, ETH-EUR Pairs	7
7 A.O.B.	8

1 Attendees & Quorum

Chair: Gavin Lee

PS: Payal Shah

MM: Michael Moro

TS: Timo Schlaefer

MB: Max Boonen

WK: William Knottenbelt

NG: Neil Grant

TU: Thomas Uhm

Administrator: Sui Chung (CEO)

Administrator Compliance: Alise Kane (Compliance Officer)

Absentees: Thomas Uhm was unable to attend the meeting.

Conflicts of interest: There being no conflicts of interest the meeting begun at 14:10 after quorum was declared.

2 Standing Items

The Administrator provided the committee with reports for Surveillance Alerts that triggered since the previous meeting to which there were 25.

The committee then discussed NYDFS announcement and charges in relation to Coinbase Inc. and whether issues described within the Consent Order impacted/will impact the exchange's ongoing ability to conform with all parts of "CF Benchmarks Constituent Exchange Criteria".

Official NYDFS Consent Order:

https://www.dfs.ny.gov/system/files/documents/2023/01/ea20230104_coinbase.pdf

The Administrator then also updated the committee about Kraken's updated surveillance programme, the impact it had on CF Benchmarks and Kraken's cooperation agreement and the exchange's ability to respond to the Administrator's enquiries.

The committee concluded that both constituent exchanges continue to conform to all aspect of "CF Benchmarks Constituent Exchange Criteria".

3 Annual Review of CME CF Cryptocurrency Pricing Products Oversight Committee Documentation

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

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

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

- CME CF Oversight Committee Charter
- CME CF Practise Standards (the proposal was to decommission this document)
- CF Benchmarks Accountability Framework
- CME CF Real Time Indices Methodology
- CME CF Reference Rates Methodology
- CME CF Constituent Exchanges Criteria
- CME CF Hard Fork Policy
- CF Benchmarks Governance and Oversight Framework

The committee also resolved in favour of proposed updates to CME CF Benchmark Statement but requested a minor change.

After considering proposed changes to the CME CF Conflicts of Interest Policy the committee agreed to finalise the review once relevant internal CME teams also review suggested changes.

4 Follow Up Review of Declared Conflicts of Interest

As part of the Administrator's ongoing regulatory obligations under the UK BMR, the Administrator's compliance function reviewed all exiting declared conflicts of interest to ensure that those do not compromise the activities of the Administrator or the committee members abilities to discharge their duties as described within the CME CF Oversight Committee Founding Charter. As part of the process all impacted committee members were contacted for updates.

The Administrator confirmed that the existing mitigating actions remain appropriate and all items will be reviewed in the future as scheduled.

5 Extension of the CME CF BRR and ETHUSD by launch of APAC Close Variants (BRR_AP and ETHUSD_AP)

The Administrator summarised the demand from the market for different time variants to the BRR and ETHUSD_RR, that are utilising the same methodology and Constituent Exchanges but observing a different observation window for transactions so as to be able to provide the variants to coincide with market and operational requirements in different jurisdictions. Specifically, the demand was coming from the APAC region where market participants and potential licensees were seeking a USD benchmark rates for Bitcoin and Ether to coincide with the traditional APAC market close of 1600 Hong Kong/Singapore Time.

The Administrator then summarised the underlying data sufficiency metrics, proposed calculation parameters and constituent exchange volume contributions for both BRR_APAC and ETHUSD_APAC.

The committee also discussed and compared trading volumes during New York hours and Hong Kong/Singapore hours, discussed upcoming regulations and how those might impact the demand for these products as well as naming conventions as more variants are introduced.

The administrator confirmed the time of the observation window (1500 to 1600 HK/SG time) and the time of publication (1600 HK/SG).

The committee resolved to provide oversight to the new CME CF Bitcoin Reference Rate – APAC Variant and CME CF Ether Reference Rate – APAC Variant.

6 Amendment to the Potentially Erroneous Data Parameter for BTC-USD, BTC-EUR, ETH-USD, ETH-EUR Pairs

The Administrator explained its reasoning for wishing the committee to consider amending the potentially erroneous data parameter applied to the Bitcoin and Ether asset pairs. The committee was reminded that this parameter was last reviewed and changed in 2020 and given the purpose of the potentially erroneous data parameter it would be prudent to tighten the parameter once again.

The Administrator proposed new levels for the parameter and presented its analysis of the maximum recorded potentially erroneous data parameter in each month for the period from February 2022 to February 2023.

There was further discussion as to whether the committee felt that his proposal may lead to potentially excluding valid input data once new tighter parameters are introduced, the committee also considered whether the parameter should be different for the Reference Rates or Real Time Indices of a Relevant Pair.

In light of the discussion the Administrator offered to conduct further analysis on how the application of the potentially erroneous data parameter might be amended in the future to better reflect its purpose in promoting benchmark integrity.

7 A.O.B.

The Administrator reminded the committee about updated metrics reports that had been provided and asked for questions.

There being no further business the meeting was adjourned at 1618 London Time.