



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

November 29th 2022

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1 Attendees & Quorum

Chair: Gavin Lee

PS: Payal Shah

MM: Michael Moro

TS: Timo Schlaefer

MB: Max Boonen

TU: Thomas Uhm

Administrator: Sui Chung (CEO)

Administrator Compliance: Alise Kane (Compliance Officer)

Absentees: Neil Grant and William Knottenbelt were unable to attend the meeting

Conflicts of interest: There being no conflicts of interest the meeting begun at 15:10 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 4.

The committee then discussed the remediation that both the Administrator and the impacted Constituent Exchange put in place as part of the operational incident that occurred regarding data collection. In accordance with CME CF Reference Rates and Real Time Indices methodologies no benchmarks were restated. The missing data was treated in accordance with contingency rules for delayed and missing data.

The Administrator then also updated the committee about the enquiries it received from UK FCA in relation the bankruptcy of FTX and the impact it had on CF Benchmarks Reference Rates and Real Time Indices.

3 Annual Review of Constituent Exchanges and their conformance to the Constituent Exchange Criteria

The Administrator introduced the item by reminding the committee of the CME CF Constituent Exchange Criteria and the manner in which the Administrator has verified and confirmed the conformance of Constituent Exchanges previously and the process it undertook for this annual review.

The Administrator then went on to present its findings for each exchange individually. The Administrator summarised the information that was provided to the committee in the meeting agenda pack for each individual constituent exchange: Bitstamp, Coinbase, Gemini, Paxos itBit, Kraken and LMAX Digital.

There were no questions on the contents for Bitstamp, Coinbase, Gemini, Paxos itBit and Kraken.

In response to questions from the committee about LMAX Digital the Administrator confirmed that LMAX Digital is regulated by the Gibraltar Financial Services Commission ("GFSC") and contributes sufficient volumes for eligible Asset Pairs it supports on LMAX Digital platform.

The Committee resolved that it had provided oversight to the Administrator's review of the conformance of the Constituent Exchanges to the CME CF Constituent Exchange Criteria.

4 Addition of 11 Benchmarks against US Dollar

The Administrator proposed for additional assets to be covered by the CME CF Cryptocurrency Pricing Products given that it keeps receiving interest from licences. The Administrator presented 11 Asset Pairs to the committee to seek to add both Reference Rates and Real Time Indices for each to the CME CF Cryptocurrency Pricing Products.

The committee discussed transaction volumes published by Constituent Exchanges for 11 Asset Pairs and noted that the hour preceding 1600 London time was the most liquid for all the Asset Pairs in question.

The committee then went on to analyse the data sufficiency metrics and agreed that there was ample trading volume as well as sufficient numbers of Bids and Asks in the proposed observation window for a robust Reference Rate and Real Time Index calculation for the majority of Asset Pairs. During the discussions the Administrator referred to the methodology for the CME CF Cryptocurrency Pricing Products and confirmed that a minimum of 2 Constituent Exchanges and 3% volume contribution is met.

The committee discussed and agreed not to proceed with 4 Asset Pairs due to low constituent exchange participation rates and 1 Asset Pair was excluded due to concerns raised by the SEC that it might be classified as a security (further clarity from the SEC is pending in relation to this matter)

The Administrator asked that the Committee resolves to provide oversight of the resultant Reference Rates and Real Time Indices which the Administrator shall seek to begin publishing the indices in two stages, some in December 2022 and others in January 2023.

The committee resolved and the Chair moved the discussion forward.

5 Benchmark Review – Pre vs Post FTX Collapse

The Administrator provided the committee with the new Metrics Reports and proposed to provide these new reports on a periodic basis going forward. The data presented to the committee was specifically prepared to demonstrate the impact the bankruptcy of FTX had on CF Benchmarks Reference Rates and associated Real Time Indices.

The Administrator highlighted that FTX specifically was never approved as a constituent exchange because it was not able to meet the constituent exchange criteria and for that reason FTX never contributed any data to any of the CME CF Cryptocurrency Pricing Products.

The committee examined volumes and scrutinised participant participation and orderbook liquidity across all Asset Pairs. The committee concluded that the FTX events had no direct impact and all Reference Rates and associated Real Time Indices remained robust and reliable.

6 Regulatory Update – CF Benchmarks ESMA Recognition Application

The Administrator updated the committee about its plans in relation CF Benchmarks ESMA Recognition Application and about ESMA's decision to extend the suspension of BMR rules until 31 December 2025 to allow EU supervised entities to continue to use non-EU benchmarks. Please see the announcement from SMA [here](#).

7 A.O.B.

There being no further business the meeting was adjourned at 1715 London Time.