



CME CF Cryptocurrency Pricing Products

Oversight Committee Meeting Minutes (SUMMARY)

August 19th 2021

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1 Attendees and Conflicts of Interest

Chair: Gavin Lee

PS: Payal Shah

MM: Michael Moro

TS: Timo Schlaefer

MB: Max Boonen

Administrator: Sui Chung CEO, CF Benchmarks

EVDA: Evelien van den Arend, Head of Legal and Regulatory Affairs, CF group

NG: Neil Grant joined the meeting for item 5 at approximately 1400 London time

Absentees: Andreas Athanasopoulos and William Knottenbelt were unable to attend the meeting

The meeting began at 1335 London Time.

An update on conflicts of interest that affected the Administrator and some of its staff was introduced by non-voting member **EVDA**.

The conflict involved a previously potential conflict of interest that had now crystallised due to a change in circumstances and had been added to the Administrators Conflicts Register.

Due to this new conflict a new process had been put in place by the Administrator to disclose and manage this conflict that involved specific disclosure to and scrutiny of those impacted by the Independent Non-Executive Director of the Administrator.

The committee acknowledged the conflict and thanked **EVDA** for the briefing.

2 Standing Items

The Administrator has provided the committee with the Monthly Metric Reports and Surveillance Alerts that had been triggered since the previous meeting to which there were none.

The Administrator went on to confirm to the committee the total asset benchmarked to the CME CF Cryptocurrency Pricing Products at the end of Q1 and Q2 2021 as defined by the BMR regulations.

The Committee discussed how the figures for the assets benchmarked were arrived at and the frequency with which the committee would be updated on their change

3 Update on the implementation of the changes to CME CF Reference Rates Methodology

The Administrator reminded the committee that on July 31st changes to the methodology of the CME CF Cryptocurrency Reference Rates were made. This pertained to:

- **Market Failure Events** - where the Administrator is not able to provide a Reference Rate on a given Calculation Day due to the underlying market that is being observed having failed
- **Delayed Publication** – where the Administrator is not able to publish the Reference Rate within the publication time and if this persists to 23:59:59 of the given Calculation Day
- **Restatement & Republishing** – where for whatever reason the Administrator discovers that an error has been made in the calculation and publication of a Reference Rate and that the thresholds of timeliness and materiality are met

The Administrator confirmed to the Committee that the changes were all carried out in accordance with the Administrators policies and in accordance with the UK BMR regulations. Extensive testing was carried out, including with dissemination agents for the Reference Rates. To date the new provisions of the methodology have not been utilised.

The committee discussed if any feedback or complaints had been received from index users and the Administrator confirmed there had been dialogue on specific scenarios from certain index users but no complaints.

4 Update on Constituent Exchange Criteria Conformance Review

The Administrator informed the committee that it had begun the process for the annual review of Constituent Exchange conformance to the Constituent Exchange criteria and would present its findings to the committee for its review at the next meeting.

The Administrator confirmed its process will be similar to previous years, covering each of the criteria for each Constituent Exchange. The Administrator would also present the findings on the conformance of any Cryptocurrency Exchanges that might be considered for inclusion.

The committee discussed the resolution of information that it desired and would likely receive for review, this was noted by the Administrator.

5 Annual Review of Administrators Control Framework and Conflict of Interest Policy

The Administrator had provided an updated Conflicts of Interest Policy and Control Framework with all changes drafted in mark-up to the committee in advance of the meeting.

The Administrator summarised the changes to the respective documents and the underlying reasons why.

Control Framework: Dissemination Agents utilised by the Administrator were added to the *Outsourced Providers* that the Administrator would monitor through its Control Framework.

Conflicts of Interest Policy: No changes were made to the Policy

The Committee resolved that it had provided oversight of both the Administrators Control Framework and Conflicts of Interest Policy.

6 Replacement of CFB Regulatory Compliance non-voting member

Ms Evelien van den Arend has been undertaking the role of non-voting member of the committee to give regulatory and compliance guidance to the committee as the CF group compliance representative. As Ms van den Arend was leaving the CF group compliance function she tabled her resignation to the committee.

The Administrator introduced the committee to Mr Neil Grant, who had replaced Ms Van den Arend as CF group Head of Compliance and asked the committee to consider his joining the committee in a non-voting capacity to provide the regulatory and compliance guidance as a replacement for Ms Van den Arend.

Neil Grant joined the meeting

Mr Grant gave an introduction of himself and his career background and experience in the wholesale financial services industry including in regulatory compliance roles.

The Committee resolved to accept the resignation of Ms Van den Arend from the Committee and for Mr Neil Grant to become a non-voting member of the Committee to provide regulatory compliance guidance to the committee in accordance with the Committee's Founding Charter.

7 A.O.B.

The Chair asked the committee if there were any further items of business.

There being no further business the meeting was adjourned at 1430 London time.