



CF Cryptocurrency Index Family

Oversight Function Meeting Minutes

January 22nd 2021

Contents

1	Attendees & Quorum	2
2	Conflicts of Interest	2
4	CF Cryptocurrency Index Family Constituent Exchange Reviews 2020	3
5	Initiating Consultation on Demising the Indices of the XRP-XBT Pair	3
6	Inclusion of Constituent Exchange itBit to the Indices of the BCH-USD and LTC-USD Asset Pair	4
7	Inclusion of Constituent Exchange Bitstamp to the indices of the XLM-USD Asset Pair	5
9	Adoption of the OMG-USD Settlement Price and Spot Rate	6
10	Adoption of the OXT-USD Settlement Price and Spot Rate	6
11	Launch of CF Bitcoin Dollar US Settlement Price	6
12	Amendments to CF Cryptocurrency Index Family – Multi Asset Series Ground Rules	7

1 Attendees & Quorum

Ms Evelien Van Den Arend (Oversight Function)

Sui Chung (Administrator)

The meeting began at 1400 London Time.

2 Conflicts of Interest

The Oversight Function confirmed it was not subject to any conflicts of interest that have arisen since the previous meeting and that none of the agenda items presented a conflict.

3 Standing Items

The Administrator reminded the Oversight Function of the monthly metrics reports that had been provided since the previous meeting and asked for questions and comments. The Administrator also informed the Oversight Function of surveillance alerts that had been triggered and had been investigated.

The Administrator also highlighted to the Oversight Function that it had been reported in the press that Coinbase had suffered several outages, however, the Administrator had only observed outages on certain order books at Coinbase. The administrator clarified that although these outages meant some missed windows and periods where the constituent exchange's order books did not contribute to the relevant benchmark, the indices continued to be calculated in alignment with their documented methodologies.

The Oversight Function reviewed the metrics and queried the contribution of Gemini for the LINK index is under three percent on average.

The Administrator clarified that the three percent contribution requirement for entry did not apply to constituent exchanges that had already begun contributing to a benchmark. The Administrator clarified that other constituent exchanges do sometimes contribute under 3 percent of the total input data for some indices at times and the Administrator expected the contribution from Gemini for the LINK index to increase. However, the contribution percentage will continue to be monitored in the monthly metrics reported to the Oversight Function.

The Administrator summarised the results of the CF benchmark surveillance alerts that have been reviewed since the last meeting and concluded none required escalation.

The Administrator confirmed that there have been some security and access changes which have resulted in the delay of some benchmark surveillance alerts being reviewed.

The Oversight Function agrees to resolve that methodologies and the Administrators benchmark surveillance methods remain in the conformance with the Administrator's documented surveillance policies.

4 CF Cryptocurrency Index Family Constituent Exchange Reviews 2020

The Oversight Function confirmed they have reviewed the results of the due diligence reviews of the constituent exchanges thoroughly and that they have no concerns.

The Oversight Function queried if the Administrator will now be passing the constituent exchange due diligence review to be undertaken by the compliance function.

The Administrator confirmed that now the constituent exchanges are familiar with the process it would be appropriate to pass this over to the compliance function.

The Oversight function queried whether or not constituent exchanges will be undergoing external audit next year.

The Administrator confirmed that although some exchanges will likely be undergoing external audits, this may not include an external audit of their surveillance programmes.

The Oversight Function resolved to oversee constituent exchange due diligence reviews going forward, starting in quarter 4 for 2021.

5 Initiating Consultation on Demising the Indices of the XRP-XBT Pair

The Administrator summarised that the XRP-XBT pair has only ever had one user, Crypto Facilities Ltd, who have now delisted the product powered by this index. There are no current licensees. However, in accordance with CF Benchmarks Oversight Framework, a consultation needs to be run. The CFB consultation usually lasts for 2 weeks but given that the index has no users, the Administrator proposes that the

consultation period for the delisting for this index should be one week. The Administrator will follow the regular consultation process in all other ways.

The Oversight function agreed with the proposal but advised some of the proposed dates need changing due to a move in date of this Oversight meeting.

The Oversight Function resolved that the process was very comprehensive and that once the dates have been updated the consultation can be published.

6 Inclusion of Constituent Exchange itBit to the Indices of the BCH-USD and LTC-USD Asset Pair

The Administrator summarised the proposal to add itBit as a constituent exchange for the BCH and LTC indices.

The Oversight Function reviewed the data and asked if the Administrator will wait till both BCH and LTC contributions reach three percent or if they will be added individually as each hit the three percent requirement.

The Administrator confirmed that they will wait till both the BCH and LTC input levels meet the three percent requirement until itBit is added as a constituent exchange for these indices. The Administrator imagines this will happen shortly.

The Oversight Function queried the wording relating to the potentially erroneous data parameter which the Administrator provided clarity around.

The Oversight Function queried if the contract between CF Benchmarks and itBit would need updating to cover these additional pairs.

The Administrator confirmed that this would not be required and that the constituent exchange review has been undertaken and that the licencing for these pairs was in place.

The Oversight function resolved the approval of the addition of itBit as a constituent exchange for these pairs.

7 Inclusion of Constituent Exchange Bitstamp to the indices of the XLM-USD Asset Pair

The administrator summarised the proposal of adding Bitstamp as a constituent exchange of the XLM-USD index.

The Administrator clarified that Bitstamp launched this market in June 2020, but due to a fee free period, observations of the market by the Administrator only started in September 2020.

The Oversight function asked how the Administrator ensures no constituent exchanges have fee free markets.

The Administrator confirmed that all constituent exchanges publish a fee schedule and although constituent exchanges may have incentive programmes or charge different clients different fees; the Administrator is not aware of any markets carrying zero fees except where this is publicly stated.

The Oversight Function asked how the Administrator can be sure that unregulated exchanges are not offering fee free trading.

The Administrator clarified that major trading firms sit on the firms other oversight committees and constituent exchanges all charge trading fees except where they have publicly stated there is zero fee trading for a limited time in specific markets.

The Administrator gave a potential timeline for this proposal as the first week of February.

The Oversight Function resolved to approve the addition of Bitstamp as a constituent exchange of the XLM-USD pair.

8 Inclusion of Constituent Exchange Gemini to the indices of the PAXG-USD Asset Pair

The Administrator summarised the proposal to add Gemini to the constituent exchanges for the PAXG-USD pair.

The Oversight function queried the maximum contribution data and asked if providing 100% of the contribution volume was unusual.

The Administrator confirmed that due to the nature of PAXG being gold-backed and having fairly low liquidity, and due to the client base of the Gemini exchange often being more institutionally focused than other exchanges, this was not unexpected.

The Oversight Function resolved to approve the Administrator's addition of Gemini as a constituent exchange with one week's notice to the market after the full 90 day data set has been reviewed.

9 Adoption of the OMG-USD Settlement Price and Spot Rate

The Administrator summarised the proposal for adding a OMG-USD settlement and spot price.

The Oversight Function reviewed the data and concluded the contributions looked healthy and asked the Administrator what the timeline of the launch would be.

The Administrator confirmed that the proposal should be announced at the beginning of next week commencing 25th January 2021 for launch at the end of that next week.

10 Adoption of the OXT-USD Settlement Price and Spot Rate

The Administrator summarised the proposal of an OXT-USD settlement and spot rate stating that data shows healthy volumes and no calculation failures or empty windows or partitions.

The Oversight Function asked when the launch of the OXT-USD pair would be.

The Administrator confirmed this is likely to launch at the same time as the OMG-USD pair.

The Oversight Function resolved to approve the addition of an OXT-USD settlement and spot price.

11 Launch of CF Bitcoin Dollar US Settlement Price

The Administrator explained the purpose of the Bitcoin Dollar USD settlement price which would be the same methodology of the current Bitcoin Dollar Settlement price but would be applied at 4pm New York

time, as opposed to 4pm London time. The Administrator went on to present the data, stating that it had strong liquidity with no empty windows or partitions and that each partition had more than 10 trades within it.

The Oversight Function asked if the time difference would pose any operational difficulties if there were problems in the calculation.

The Administrator confirmed that although the Administrator is a London centric operation, all monitoring systems are cloud based and operation 24/7. Additionally, the Administrator has multiple back ups and automated fixes that can be executed at any time and that the time of day will not impact the time it takes to remediate any operational issues. The Administrator went on to say that remediation times to solve operational problems have consistently been time agnostic.

The Administrator confirmed that the proposal is essentially for a Bitcoin reference rate but calculated at a different time. The Administrator confirmed that the CME was aware of this proposal and did not wish to be the dissemination agent for this reference rate and so it will be launched within the CF family.

The Oversight Function asked the Administrator if they are tracking the notional amounts of their benchmarks against thresholds set out in regulatory requirements.

The Administrator confirmed that they do keep track notional amounts and were currently still well within the threshold before additional requirements applied to the Administrator's benchmarks.

The Oversight Function resolved to approve the addition of a New York 4pm Bitcoin settlement price.

12 Amendments to CF Cryptocurrency Index Family – Multi Asset Series Ground Rules

The Administrator summarised the proposed changes that had been sent to the Oversight Function for review. These included changes to the processes employed for

- **Liquidity Screening of eligible constituents**
- **Longer windows for the determination of eligible constituent market capitalisation**
- **Exceptional Constituent Review Procedures**
- **Discounting Applied to Account Based Cryptocurrency Networks in the determination of Free Float**

The Oversight Function resolved to approve these changes in principle subject to any further questions upon further review of the details of each change.

13 A.O.B.

There being no further business the meeting was adjourned at 15:15 London time.