

INDEX OVERSIGHT COMMITTEE

Q2 2021 REVIEW MEETING MINUTES

Date	15-Jul-2021
Time	3:30pm - 5:00pm

Agenda:

Standing Agenda Items

1. Conflicts Register, Complaints and Expert Judgement Register Review
2. In-Process Consultations
3. Indexes in Production Review
4. Reference Rate Review
5. Products Approval Requests

Unique Agenda Items

6. LMAX - constituent market eligibility

Attendees:

Name	Role	Attendance
Tim Rice	Chair	Dial-in
Kerry Yndestad	Member	Dial-in
Benjamin Celermajer	Contributor	Dial-in
Kevin Lu	Contributor	Dial-in

Quorum was met and it was noted that there was not external membership presence

Conflicts Register, Complaints and Expert Judgement Register Review

No conflicts identified during the meeting.

No complaints received in Q2 2021.

Expert judgement applied to the determination or calculation of any CMBI Index during Q2 2021:

- None

Continued Expert Judgement is applied to the determination of Free Float Supply for assets that are not currently supported by CM NDP. These include:

- EOS
- Binance Chain

Expert Judgement was applied to the determination of Reference Rates relating to the market selection and recalculation of rates.

- A total of 96 markets, reflecting 2.6 percent of eligible markets, are manually removed from our whitelist.
- A total of 143 markets, reflecting 3.9 percent of eligible markets, are manually added to our whitelist.
- Recalculations to small portions of 1 assets were conducted: eur-usd from April 2021 to May 2021.

In-Process Consultations

No consultations in process

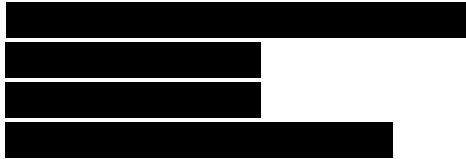
Indexes in Production Review

Publicly announced / available:

- CMBI Bitcoin (+Total)
- CMBI Ethereum (+Total)
- CMBI Litecoin
- CMBI Bitcoin Hashrate
- CMBI Observed Work
- CMBI Bitcoin and Ethereum
- CMBI 10
- CMBI 10 Excluding Bitcoin
- CMBI 10 Even
- CMBI 10 14d Momentum

- Fidelity Bitcoin Index (+Total)

Privately in production:



Are all indexes still efficiently and effectively achieving their desired outcomes and purpose?

- Yes

Any other commentary / observations on existing index products?

- The Administrator raised questions relating to the design of the hourly close rate methodology and ways that it could potentially be improved upon. The OC requested the Administrator present examples of how the changes would impact the close rate during known examples where exchanges experienced issues or the market experienced high volatility.

Reference Rates Review

The v2.8 and v2.9 releases occurred over the past quarter.

The v2.8 release contained 17 fiat currencies. Quality of fiat currency reference rates is low in the backhistory. Also released 16 additional assets bringing coverage universe to 351 assets. A total of 6 assets were terminated.

The v2.9 release contained 16 additional assets bringing coverage universe to 365 assets. A total of 3 assets were terminated. The whitelist was reconstituted for all assets under regularly scheduled quarterly review.

Other issues:

- Challenge in keeping coverage universe fresh
- Questions regarding tradability of reference rates. Preliminary research on alternative methodologies was conducted in connection with GFO-X.
- Several outstanding methodology questions in [Reference Rates Issues](#).

Products Approval Requests

No new products in development that require approval from the OC.

There have been several client requested index products that may require development effort through Q3. These include:

- █████ index
- █████ Bitcoin Index

Are there any proposed changes to existing products that require OC sign-off?

- Considerations around the design of the hourly reference rate methodology would require OC sign-off prior to implementation. Given the impact of the change though, it is likely that the OC would request that the administrator engage with market participants and customers in a consultation period prior to a decision.

What products are production ready and require OC signoff for launch?

- None

LMAX - constituent market eligibility

Given the volume of LMAX markets relative to some of the existing CMBI markets, the Oversight Committee reviewed what additional robustness adding LMAX as a CMBI constituent exchange might add. Despite LMAX having an average daily volume that was equivalent to that of Kraken and Bitstamp, the second largest spot-BTCUSD markets, there were concerns around the transparency and broad availability of LMAX data and the ability for all participants to access prices observable on LMAX.

- LMAX data is only available to paid licensees of the platform
- LMAX markets are only available to select institutional clients

The Oversight Committee agreed that LMAX should not be added as a constituent exchange at this point in time. Should LMAX make their data publicly available and easily accessible then it should warrant another review.