

COINMETRICS

**CMBI
GOVERNANCE
COMMITTEE
CHARTER**

Version 1.0

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0 CHANGE LOG

Release	Date	Changes
Version 1.0	December 21, 2021	<ul style="list-style-type: none"><li data-bbox="786 386 1383 455">Finalized CMBI Governance Committee Charter

1 INTRODUCTION

Two primary committees provide overall oversight and governance for the production of reference rates, crypto asset indexes and benchmark administration for Coin Metrics Bletchley Indexes (“CMBI”).

- Index oversight is provided by the Oversight Committee (the “OC”)
- Index governance (risk management, policy development, methodology creation, daily operations, etc) is provided by the Index Committee (the “IC”)

The OC’s primary responsibility is to provide independent oversight, review and challenge for the governance of CMBI products, benchmark administration and the activities of the IC.

The IC focuses on developing and maintaining reference rates, indexes and all of the peripheral activities that surround this, including but not limited to identifying and mitigating potential risks, developing robust reference rates and index methodologies and creating and interpreting relevant policies.

The OC can include both internal employees and external stakeholders. All members have relevant experience. Coin Metrics believes it is important to include industry experts in the OC to provide an independent perspective when it comes to overseeing CMBI construction and execution.

The IC is staffed internally by Coin Metrics employees. IC members are not OC members, as Coin Metrics believes that it is critical to maintain independence in the oversight function of CMBI. This helps to maintain independence and objectivity while avoiding potential conflicts of interest.

2 OVERSIGHT COMMITTEE

TERMS OF REFERENCE

2.1 OVERVIEW

The OC is responsible for maintaining the integrity of all CMBI branded products and all products for which CMBI are an integral component by ensuring that these are designed and operated in line with appropriate technical and operational standards.

Whilst the OC maintains independence from the IC and external users of CMBI products, it may primarily rely on reporting provided to perform its responsibilities.

Whilst the OC can suggest recommendations for product construction and methodology maintenance, it does not have the authority to make specific index methodology content decisions. Due to the presence of external participants in the OC, only the IC has editorial responsibilities for CMBI products in order to maintain independence.

At the discretion of the OC, matters can be escalated to the Coin Metrics Board of Directors.

2.2 RESPONSIBILITIES

The key responsibilities of the OC include, but are not limited to, the following:

- Oversee and ensure that the IC adequately performs its responsibilities whilst maintaining the integrity and high standards required whilst operating CMBI products
- Oversee the execution of CMBI product methodologies
- Oversee any material changes to the methodology and authorize or request Coin Metrics to undertake a consultation with external stakeholders prior to any proposed material change
- Oversee and approve any proposed termination of CMBI Indexes in production
- Review the CMBI product definitions/purposes and their respective methodologies, suggesting any updates or future considerations to the Index Committee (annually)

- Assess whether CMBI products adhere to international best practices for financial benchmarks, including the International Organization of Securities Commissions' (IOSCO) Principles for Financial Benchmarks
- Highlight potential regulatory risks to Coin Metrics that may arise from providing crypto asset reference rates and indexes as well as being the administrator of crypto asset benchmarks
- Respond to any regulatory or governing body as required
- Review and, if required, provide a response to any formal customer complaints in relation to CMBI products
- Manage conflicts of interest that may arise across CMBI products
- Manage escalated stakeholder and index operational issues from the IC
- Review and approve recommendations for engagement with third parties to utilize CMBI products - for example collection of inputs, publication of CMBI data or use of CMBI data to inform another financial product
- Review and approve recommendations for engagement with third parties whose services are required for the determination of CMBI products - for example external data providers or calculation agents.

The OC may request and is authorized to receive detailed information in relation to any CMBI products or internal data source that is required for the calculation of CMBI products. The OC may request this information from any employee of the CMBI team through any medium (e.g. Word Doc, Excel, PPT) and through any channel (e.g. email, slack, in person presentation).

Further, the OC may request internal or commission external audits of relevant CMBI benchmark operation and administration processes.

2.3 MEETINGS

The CMBI Oversight Committee meets quarterly and has the following standing agenda items:

- Review and approve all new CMBI product proposals which includes but is not limited to new indexes, benchmark administration services, calculation agent services and data services
- Approve proposed new products to the CMBI suite and their methodologies, specifically regarding the technical quality and completeness of the methodology, the availability and quality of required input data and the capacity of the Coin Metrics index team to launch and maintain new products
- Approve proposed changes to existing CMBI methodologies
- Periodically review activities related to CMBI products that are undertaken by a third party - for example collection of inputs, publication or external data sources used in the determination of indexes
- Review any technical issues with internal data sources that are integral in the calculation of CMBI products

- Review any operational issues in the previous period with a view to improving operating procedures to mitigate such issues in the future
- Review the Conflicts Register and determine any actions that are required to mitigate or nullify conflicts
- Review any formal complaints against CMBI products in the previous period.

The Chairperson and at least one other voting member must be present at all official committee meetings. Decisions will be determined by a simple majority vote, where each voting member only receives one vote. Prior to agenda items, members must disclose any potential conflicts of interest before each vote and must recuse themselves from any voting where a conflict arises.

Any issues or matters that require escalation are formally raised with the Coin Metrics Board and included as part of Coin Metrics Board materials.

All OC meetings are formally minuted and the OC report must contain the date, time, agenda, attendees, relevant outstanding issues and decisions made.

All sensitive, strategic and Coin Metrics private information presented and discussed at the Oversight Committee meetings is to be kept strictly confidential and cannot be shared outside of the room.

2.4 REPORTING

The Chair of the Oversight Committee shall report to the CM Board on its proceedings after each meeting on all escalated issues and matters discussed in relation to its duties and responsibilities. Any recommendations where action or feedback is required from the Board will be reported in a timely manner.

2.5 MEMBERSHIP

The OC is composed of no fewer than two members. As CMBI products mature and grow, the committee will be composed of at least four members where at least:

- Two voting members are employees of Coin Metrics with experience in either capital markets and index operations and / or have deep knowledge of crypto asset markets.
- Two external non-voting members with experience in index operations that will be able to provide specific capital market knowledge, investment industry insight and deep operational expertise.

2.6 QUORUM

A quorum shall consist of two voting members of the Committee.

3 INDEX COMMITTEE TERMS OF REFERENCE

3.1 OVERVIEW

The IC is responsible for ensuring that all CMBI products perform as outlined in their respective methodologies and to the required standards of Coin Metrics. The IC oversees the daily operations and maintenance procedure of indexes, including methodology oversight, daily reporting, policy adherence, input data quality, client management and index and benchmark administration specific risk management.

At the discretion of the IC, matters can be escalated to the OC.

3.2 RESPONSIBILITIES

The key responsibilities of the Index Committee include, but are not limited to, the following:

- Ownership and editorial responsibility for all CMBI methodologies. This includes reviewing and approving new methodologies and major methodology changes
- Regularly reviewing and providing recommendations to the OC for input data that is integral in the calculation of CMBI products
- Regularly reviewing the performance of third parties that engage with CMBI products for collection of inputs, publication, or where services are provided for determination of CMBI indexes
- Review and approval of the CMBI rebalancing process
- Approve index price restatements that arise from input data issues or calculation engine issues
- Determine the treatment of complex crypto asset specific events such as exchange hacks, protocol failures, forks, airdrops, etc
- Review and recommend approval of Index Policies to the OC

- Evaluate, control and mitigate general risks associated with the production of indexes and benchmark administration and where relevant, escalate significant risks to the OC
- Determine the impact of any anticipated regulation changes to CMBI's operations.

3.3 MEETINGS

The Index Committee meets monthly and has the following standing agenda items:

- Review indexes in production to ensure they are still achieving their desired goals and outcomes
- Review significant media and distribution opportunities to ensure channels align with Coin Metrics and CMBI principles and branding
- Review significant client opportunities and all branding / co-branding opportunities
- Review client usage of CMBI products
- Review and approve index price restatements that arise from input data issues or calculation engine issues
- Review any significant industry events that may impact the ability for CMBI to conduct business, this may include exchange hacks, litigation against exchanges or specific asset companies / foundations, changes to asset supply schedules, etc.
- Review any formal complaints against CMBI products
- Review foreseeable and recent past cryptoasset corporate events such as forks and airdrops
- Review and assess the impact to any anticipated regulation changes that may impact the operations of CMBI and / or ability for CMBI to provide crypto asset indexes.

The Chairperson and at least two other voting members must be present at all official committee meetings. Decisions will be determined by a simple majority vote, where each voting member only receives one vote. All members of the IC are subject to CM non-disclosure policy and may not disclose sensitive information outside of the committee to either internal Coin Metrics employees or external parties.

All IC meetings are formally minuted and the IC report must contain the date, time, agenda, attendees, relevant outstanding issues and decisions made.

3.4 REPORTING

The Chair of the Index Committee shall report to the Oversight Committee on its proceedings no later than three business days after each meeting on all matters discussed in relation to its duties and responsibilities. Any recommendations where action or feedback is required that relates to development of new indexes, changes to methodologies, termination of indexes, client feedback and complaints, use of expert judgement and corporate actions shall be reported to the Oversight Committee.

3.5 MEMBERSHIP

IC membership is designed to include the occupants of the following roles within Coin Metrics:

- Index Product Manager
- Chief Index Officer
- Chief Operating Officer
- Market Data Product Manager
- Market Data Software Engineer

3.6 QUORUM

A quorum shall consist of two voting members of the Committee.