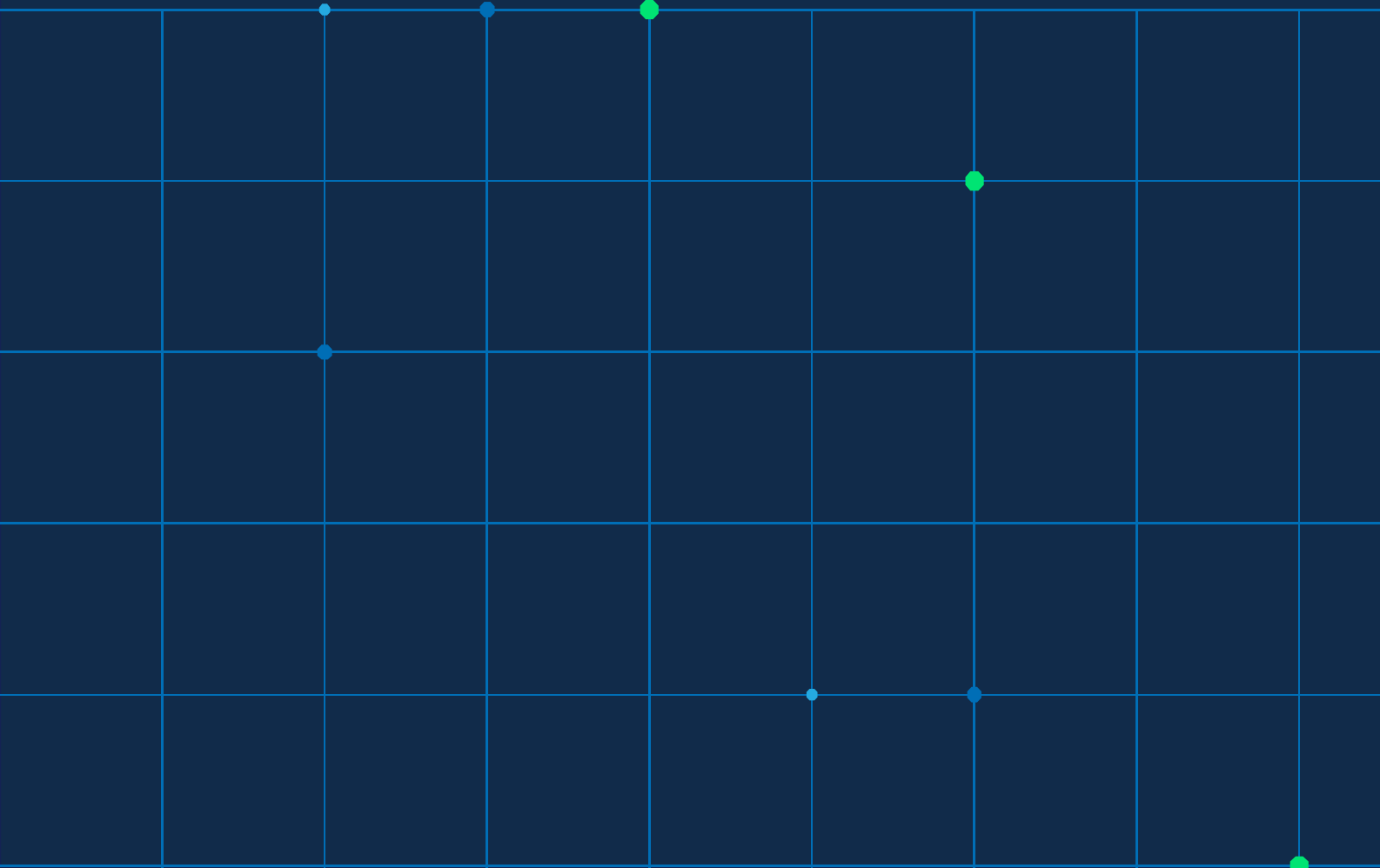


Term SOFR Oversight Committee

Oversight Committee meeting minutes

CME Group Benchmark Administration Limited

June 28th, 2022



Attendees:

Members:

Harriet Hunnable	Independent	Present
Robert Merton	Independent	Present
Karl Abdelnour	Citigroup	Not Present
Meredith Coffey	LSTA	Present
Sunil Cutinho	CME Group – CME Clearing	Present
Agha Mirza	CME Group – Interest Rate Products	Present
Owain Johnson (Chair)	CME Group – Research & Product Development	Present

Observers & Guests:

Gavin Lee	CME Benchmark Administration	Present
Graham Stride	CME Benchmark Administration	Present
Joe Dervish	CME Group – Compliance	Present
Tao Van De Graaff	CME Group – Legal & Regulation	Present
Rosalinda Palermo	CME Group – Legal & Regulation	Present

Agenda

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|-----------------------------------------------------|-----------------------|
| 1. Introduction | |
| 2. Conflict of Interest declaration | |
| 3. Prior Meeting Minutes | <i>For approval</i> |
| 4. Benchmark Administrator Update | <i>For discussion</i> |
| 5. Interest Rate Markets Update | <i>For discussion</i> |
| 6. Licensing & Distribution update | <i>For discussion</i> |
| 7. Items for discussion at next Oversight Committee | |

1. Introduction

The Chair welcomed the attendees and reminded them of the goal of the Committee: to review the integrity of Term SOFR which is administered by CBA (CME Group Benchmark Administration).

The Chair confirmed the meeting was quorate and highlighted that any decisions or voting will be according to a simple majority.

The Chair noted that minutes will be circulated after this meeting and asked attendees not to circulate any information to third parties without the consent of the Administrator.

2. Conflict of Interest declaration

The Chair asked whether Oversight Committee (OC) members had Conflict of Interest not already disclosed to the Administrator. None were declared.

3. Prior Meeting Minutes

The Chair asked the Committee to approve the Prior Meeting Minutes.

The Committee approved the minutes.

4. Benchmark Administrator Update

The Administrator presented slides illustrating recent trends of Term SOFR benchmarks:

Taking into consideration the upward rates trajectory from the Fed we're still seeing good traction in terms of the data that feeds into that the Term SOFR rate. The Administrator explained that ADVs for the SOFR Futures that underpin Term SOFR had grown to over \$1tn YTD and exceeded \$1.5tn in June.

The Administrator took the Committee through the results of the validation checks and internal analysis.

SOFR OIS data has seen a good increase in volumes but the increases are not as much as has been seen with SOFR Futures. The Administrator iscontinues to analyse the inclusion of OIS data within the Term SOFR Calculation.

5. Interest Rate Markets Update

The Chair moved to the next item on the agenda, asking a OC member to to provide an update on rates' market.

An update on the US rates market was provided to the Committee. CPI continues to run at a record level, with core CPI >6%. We have seen three FOMC rate hikes (25bps, 50bps, 75bps). Using the CME FedWatch tool there is about an 85% chance of a another 75 basis point rate hike in July. Committee Members commented that CME's initiatives are very useful for financial stability and for growth.

6. Licensing & Distribution update

The next item on the agenda was an update by the Administrator on licensing. The Administrator reported that, as of now there are around 1,100 firms licenced for the use of Term SOFR and in excess of 5,000 individual licences, to firms head queartered across over 75 countries.

For the next update, the Administrator will present statistics showing how Term SOFR is being used in financial products. Using Refinitiv's Deals Screener tool, CBA has identified \$1.35tn of loans issued in 2022 referencing Term SOFR. Clarus's SBSDR view shows that there are \$225bn of derivatives issued referencing Term SOFR.

The Committee discussed the transition process from LIBOR to Term SOFR, along with the timelines.

7. Items for discussion at next Oversight Committee

The Administrator observed that the OC have been convening meetings for just under two years and the original invitation letters were for a two year period. In the next couple of weeks members will be receiving an invitation letter to renew the engagement.

The Chair reminded members that the next OC is planned for 19th September, thanked all participants and drew the meeting to a close.