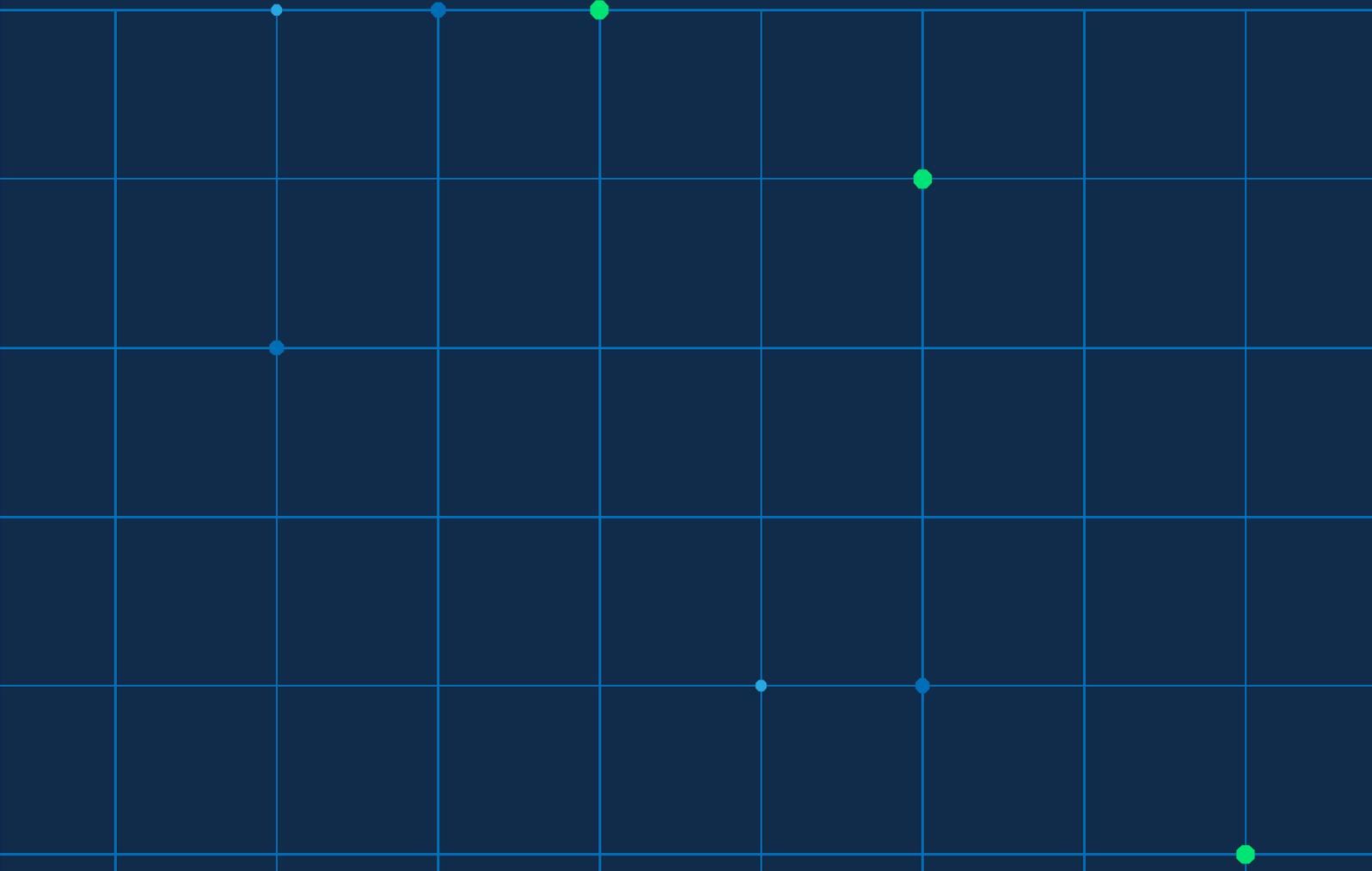


CME Petroleum Index

Oversight Committee meeting minutes

CME Group Benchmark Administration Limited

March 25, 2021



CME Petroleum Index Oversight Committee
25 March 2021

Agenda:

- Introduction to the CME Petroleum Index Oversight Committee (OJ)
- Disclosure of any actual or perceived Conflict of Interest (OJ)
- Approval of previous Oversight Committee minutes (OJ)
- Administrator's Management Information report (VA):
- Discussion and approval of the Petroleum Index Methodology v1.3 (VA)
- Legal & Compliance update (MH TvdG)
- Item for discussion at the next Oversight Committee (OJ)

Attendees:

Voting Committee Members:

- Owain Johnson (OJ) – Chair
- Paul Wightman (PW)
- Verena Peternell (VP)

Non-Voting Committee Members:

- Vincenzo Albano (VA)
- Graham Stride (GS)

Observers:

- Tao Van De Graaff (TVDG)
- Michelle Hallett (MH)
- Gavin Lee (GL)

Minutes:

Introduction to the CME Petroleum Index Oversight Committee

The Chair invited everyone to the CME Group Petroleum Index Oversight Committee. The goal of the Oversight Committee is to review the integrity of the Petroleum Index administered by CME Group Benchmark Administration Limited, by providing independent oversight of, and challenge to the Administrator on all aspects of the benchmark determination process.

The Chair noted that in accordance with the Administrator's Oversight Committee Terms of Reference, we have a quorum present and the meeting can commence.

The Chair asked where any members of the OC have any conflict of interest that would prevent them from being an OC member or may require them to recuse from voting on any topic. None were declared.

The noted that members attending this committee have acknowledged, as part of the terms of their appointment, the importance of integrity, accuracy and impartiality in the determination of benchmarks and the regulatory obligations which the Administrator and this committee are subject to.

The Chair reminded the committee that members do not represent the interests of their employer. They are here to act in an independent manner and in the interest of administering the Petroleum Index.

Approval of previous Oversight Committee minutes

The Chair asked the committee to approve the previous meeting minutes. Any views or comments. None noted. The minutes were approved by the committee.

Administrator's report & Discussion and approval of the Petroleum Index Methodology

The Administrator presented the MI slides to the Oversight Committee, in particular it was noted:

- Comparison between main index and London market. High correlation between the two. Daily returns 0.32%. S.d. 2.15% and 2.19%.
- Price trends of the three constituents that make up the index.
- Very high correlations between the three components over the period.
- Remain very highly correlated.
- December, January and Feb data. 60 business days. No errors in the input data or the calculation of the index noted.

- Following slides observe volumes of the constituents. All have grown over the period.
- Index has sufficient data for representation of the underlying market.
- OI also grown over the period.
- Have observed the weights of the three indices, looking at the weights of the last quarter.
- Submitted to the OC via email.
- Went through the pace of the roll. Explained that the feathering starts 5 days out. OI moves from about 10 days out.
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The Chair suggested that comparable instruments like ICE Brent + ICE Gas Oil could be used to assess relative movements between these contracts.

The Administrator recommended that the intro and methodology sections of the Methodology are updated, to reflect changes to the EU/UK BMR regime. The Governance section has been improved in some parts; while the body of the document and the calculation methodology remain unchanged.

There were no updates from Legal and Compliance.

It was commented that at future OC meetings a broader market comparison and market outlook is presented for better awareness of market trends.

