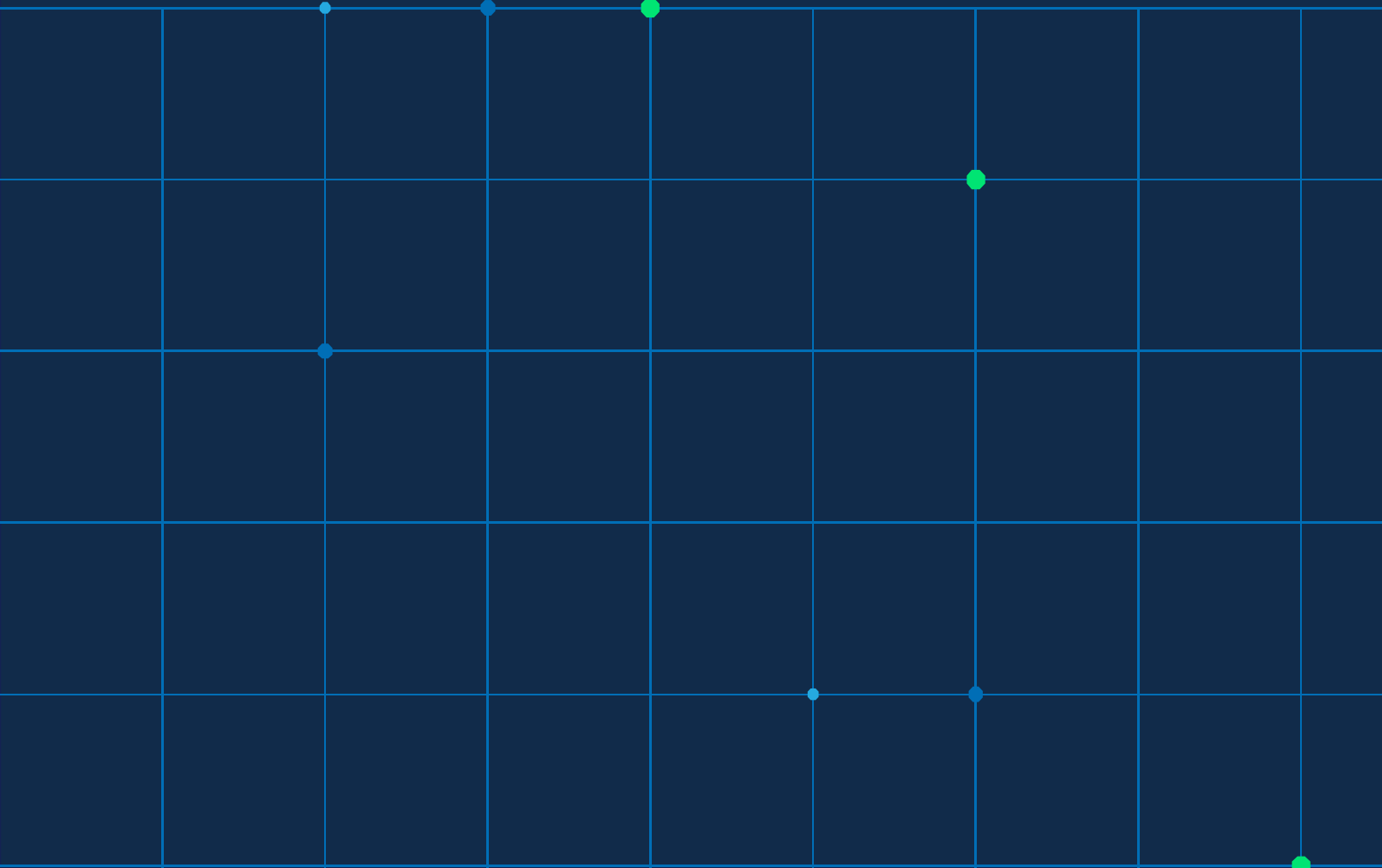


# Term SOFR Oversight Committee

Oversight Committee meeting minutes

CME Group Benchmark Administration Limited

October 31<sup>st</sup>, 2022



## Attendees:

### Members:

Harriet Hunnable (HH)	Independent	Present
Robert Merton (RM)	Independent	Present
Sam Priyadarshi (SP)	Independent	Present
Meredith Coffey (MC)	LSTA	Present
Sunil Cutinho (SC)	CME Group – Chief Information Officer	Present
Agha Mirza (AM)	CME Group – Interest Rate Products	Present
Owain Johnson (Chair) (OJ)	CME Group – Research & Product Development	Present

### Observers & Guests:

Gavin Lee (GL)	CME Benchmark Administration	Observer
Graham Stride (GS)	CME Benchmark Administration	Observer
Max Ruscher (MR)	CME Benchmark Administration	Observer
Tao Van De Graaff (TvdG)	CME Group – Legal & Regulation	Observer
Rosalinda Palermo (RP)	CME Group – Legal & Regulation	Observer

## Agenda

1. Introduction
2. Conflict of Interest declaration
3. Prior Meeting Minutes *For approval*
4. Benchmark Administrator Update *For discussion*
5. Interest Rate Markets Update *For discussion*
6. Licensing & Distribution update *For discussion*
7. Methodology update *For approval*
8. Terms of Reference update *For discussion*
9. Items for discussion at next Oversight Committee

## 1. Introduction

The Chair thanked the attendees for joining the meeting and welcomed SP as a new voting member of the Committee.

SP thanked the Chair and stated that he was happy to be a member of the Committee.

The Chair reminded the Committee Members 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 Committee 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 apologised for the rescheduling of the Committee due to the Queen's funeral.

The Administrator presented slides illustrating recent trends of Term SOFR benchmarks. Committee members asked questions on the management information and usage of the benchmark.

A Committee Member provided further context on the loan market and use of Term SOFR by corporates. This included discussions of fallback language for legacy LIBOR contracts.

Committee Members had further discussions on the Term SOFR swaps market and the use of credit spread adjustments.

## 5. Interest Rate Markets Update

The Chair moved to the next item on the agenda, asking a Committee Member to provide an update on rates' market. The Committee Member provided an update to the Committee, including the CME Fed Watch Tool, yield curve moves, Fed Balance Sheet and economic data.

Committee Members had discussions on the SOFR Futures market and the upcoming conversion of Eurodollar futures.

## 6. Licensing & Distribution update

The Administrator provided a quick update on licensing.

## **7. Methodology update**

The Administrator walked the committee through the minor updates to the Term SOFR methodology for the committee's approval.

The Chair asked the committee members for approval. There were no objections and it was approved.

## **8. Terms of Reference update**

The Administrator discussed the minor changes made to the Oversight Committee Terms of Reference, which have been approved by the CBA Board.

## **9. Items for discussion at next Oversight Committee**

As a final item, the Administrator discussed the Dear CEO letter received in September from the FCA covering priorities for administrators.

The Chair thanked everyone for their time and closed the meeting.