

coinbase DERIVATIVES

Market Regulation Notice

To: Coinbase Derivatives Exchange (“CDE”) Participants

From: CDE Market Regulation Department

Notice: 23-03

Date: 11/28/2023

Subject: Required Disclosures to CDE - **May Require Action**

CDE is reminding participants transacting on CDE that they are subject to the CDE Rulebook, including rules requiring the disclosure of any material change to the contact information provided to the Exchange and any expulsion, suspension or fine in excess of \$5,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization. Excerpts from Rules 402 and 404 of the CDE Rulebook have been attached as Appendix A for ease of reference.

If your firm has been subject to any of the reporting requirements listed in the CDE Rulebook, specifically those stated in Rules 402 and 404, and these have not been reported to CDE, they must be reported to the CDE Market Regulation Department at CDE-MarketRegulation@coinbase.com by Friday, December 8, 2023. If additional time is required, please contact the CDE Market Regulation Department.

The entirety of the CDE Rulebook can be found [here](#), and the most up to date version will always be available on our website, <https://www.coinbase.com/derivatives>, under the Regulation section. Additionally, from time to time, please be sure to review the posted Market Regulation Notices posted [here](#) on CDE’s website.

Any questions please contact the CDE Market Regulation Department.

APPENDIX A

Excerpts from CDE Rulebook Rule 402

RULE 402. Required Disclosures to the Exchange

(a) Each Participant that is not registered with the CFTC as an FCM or IB that have obligations pursuant to Rule 404 shall immediately notify the Market Regulation Department upon becoming aware of any of the following events:

- (1) any material change to the contact information provided to the Exchange;
- (2) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Participant to effect transactions pursuant to the Exchange Rules or to timely perform the Participant's financial obligations under or in connection with Contracts;
- (3) any refusal of admission to, or withdrawal by the Participant of any application for membership in, any Self-Regulatory Organization, Contract Market or Derivatives Clearing Organization;
- (4) any expulsion, suspension or fine in excess of \$5,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization;
- (5) any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any Governmental Agency;
- (6) the commencement of any judicial or administrative proceeding against the Participant or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Agency;
- (7) any indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, the Participant or (or, if the Participant is an entity, by any of its principals or senior officers) for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, Futures contract, Option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude;
- (8) the Participant becoming the subject of a petition for bankruptcy;
- (9) the appointment of a receiver, trustee or administrator for the Participant;
- (10) the presentment of a petition, or the passing of a resolution, for the winding-up of Participant;

Excerpts from CDE Rulebook Rule 404

RULE 404. Minimum Financial and Related Reporting Requirements

- (a) Each Participant, which includes an FCM, IB or any Clearing Firm, that is registered with any Government Agency, including the CFTC and the U.S. Securities and Exchange Commission, or a Self-Regulatory Organization shall comply with CFTC Regulation 1.17, applicable Clearing House Rules and other Applicable Law, including but not limited to the rules and regulations such Government Agency imposes on a Participant, which includes an FCM, IB or any Clearing Firm, relating to minimum financial and related reporting and recordkeeping requirements.
- (b) Each Participant who is registered with the CFTC as an FCM must comply with CFTC Regulation 1.11.
- (c) A copy of any notice or written report that a Participant, which includes an FCM, IB or any Clearing Firm, is required to file with the CFTC pursuant to CFTC Regulations 1.10 and 1.12 shall be concurrently provided to the Exchange.
- (d) The Exchange conducts surveillance related to Rule 404.
- (e) Upon request by the Exchange, Participant shall produce such records related to this Rule 404(a).
- (f) A Participant that violates any provision of Applicable Law (including CFTC Regulations) referenced in this Rule 404 shall be deemed to have violated this Rule 404.