coinbase DERIVATIVES

Market Regulation Notice

To: Coinbase Derivatives Participants

From: CDE Market Regulation Department

Notice: 24-02

Date: 3/21/2024

Subject: REMINDER: Self-Match Prevention Functionality

Coinbase Derivatives ("CDE" or "Exchange") is reminding participants that the Exchange offers self-match prevention ("SMP") as a risk control. This functionality is intended to prevent the matching of orders with common ownership.

How does it work?

Two (2) orders on opposite sides of the market having the same identifier are prevented from matching by canceling one (1) or both of the orders. The participant has the option to cancel the aggressor order (i.e., last order received by the matching engine), the resting order, or both. This option is chosen by the participant in FIX tag 8000.

If FIX tag 8000 is not sent, the default firm setting for SMP will take effect.

How do I sign up for self-match prevention?

SMP is available to all Exchange participants, including FCMs and IBs that engage in customer business. If you are interested in enabling SMP please contact the Derivatives Command Center at derivatives@coinbase.com and reference this Market Regulation Notice (24-02). Please be advised that participants choosing to utilize SMP will be prompted to send their Exchange-generated self-match identifier with all their orders using FIX tag 7928.

What if I don't sign up for self-match prevention?

Irrespective of whether a participant uses the Exchange's SMP or implements its own functionality to limit instances of unintentional self-matches, CDE reminds participants that they must, pursuant to Exchange Rule 513, establish, maintain and administer reasonable supervisory procedures to ensure that the firm and its personnel comply with all Exchange Rules, including Exchange Rule 506 ("Fictitious, Wash, or Non-Competitive Transactions Prohibited").

The Exchange Rulebook in its entirety can be found here.