

# coinbase DERIVATIVES

## Market Regulation Notice

**To:** Coinbase Derivatives Exchange (“CDE”) Participants

**From:** CDE Market Regulation Department

**Notice:** 23-02

**Date:** 11/7/2023

**Subject:** REMINDER: CDE Rulebook Chapter 7  
(Disciplinary Rules)

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Coinbase Derivatives Exchange (“CDE”) is reminding participants transacting on CDE that they are subject to the CDE Rulebook, including rules requiring cooperation and participation in the event CDE conducts inquiries, investigations, and disciplinary proceedings. Excerpts from Chapter 7 of the CDE Rulebook have been attached as Appendix A for ease of reference.

The entirety of the CDE Rulebook can be found [here](https://www.coinbase.com/derivatives), and the most up to date version will always be available on our website, <https://www.coinbase.com/derivatives>, under the Regulation section.

Any questions please contact the CDE Market Regulation Department at [CDE-MarketRegulation@coinbase.com](mailto:CDE-MarketRegulation@coinbase.com).

## APPENDIX A

### Excerpts from CDE Rulebook Chapter 7 (Disciplinary Rules)

#### **RULE 701. General**

- (a) All Participants shall be subject to the Exchange's jurisdiction. All Participants are subject to this Chapter 7 if they, or with respect to a Participant, any other Person using any of its User IDs, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.
- (b) The Exchange, through the Market Regulation Department and the Disciplinary Panel, will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 7.

#### **RULE 702. Inquiries and Investigation**

- (a) The Market Regulation Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. The Market Regulation Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Market Regulation Department indicates a possible basis for finding that a violation has occurred or will occur. The Market Regulation Department will determine the nature and scope of its inquiries and investigations in its sole discretion and will function independently of any commercial interests of the Exchange.
- (b) The Market Regulation Department has the authority to:
  - (1) initiate and conduct inquiries and investigations;
  - (2) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
  - (3) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and,
  - (4) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.
- (c) Each Participant:
  - (1) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Market Regulation Department in connection with:
    - i. any Exchange Rule;
    - ii. any inquiry or investigation; or
    - iii. any preparation by and presentation during a Disciplinary Action;
  - (2) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Market Regulation Department in connection with:
    - i. any Exchange Rule;
    - ii. any inquiry or investigation; or
    - iii. any preparation by and presentation during a Disciplinary Action; and
  - (3) may not impede or delay any Disciplinary Action.