coinbase

Best Execution Policy

CB Payments, Ltd

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1. Overview

Under the UK Markets in Financial Instruments Directive (**MiFID**) and Financial Conduct Authority (**FCA**) Conduct of Business Rules COBS 11.2A, CB Payments, Ltd (**CBPL, we or us**) is obliged to take sufficient steps to obtain the best possible result for clients on a consistent basis when placing an order for execution, taking into account a variety of factors that can affect execution (**best execution**). The applicable rules also require us to disclose details of our approach to complying with our best execution obligations and implement procedures which provide for the prompt, fair and expeditious execution of client orders in relation to other client orders.

This Best Execution Policy (the **Policy**) explains how CBPL seeks to achieve best execution for clients when trading relevant MiFID products, as defined below.

2. CBPL's Role

CBPL carries out arranging or reception and transmission of orders (**RTO**) for its MiFID clients. It does not execute trades itself. As an RTO arranger, CBPL has arrangements in place to automatically transmit client orders for execution to different Coinbase affiliates based on product type. CBPL arranges trades for a variety of financial instruments as defined under MiFID (**MiFID products**), such as equities (through Coinbase Capital Markets Corporation (**CCM**)), perpetual instruments (**PERPs**) (through Coinbase Bermuda Limited (**CBBM**)) and futures (**Futures**) (through Coinbase Financial Markets, Inc. (**CFM**)).

Certain best execution obligations under UK FCA and MiFID rules apply to firms like CBPL that receive and transmit orders or place orders with other entities for execution.

We provide further detail in **section 6** below.

3. Applicability

This Policy applies only to clients that CBPL have classified as "**Retail Clients**", "**Professional Clients**", or "**Eligible Counterparties**"[1] in accordance with MiFID. The application of the Policy will depend on the product traded and arranged by CBPL, specifically the following MiFID products:

- **Equities (shares):** available to Retail Clients, Professional Clients and Eligible Counterparties;
- **PERPs and Futures:** available only to Professional Clients and Eligible Counterparties; these products are not offered to Retail Clients.

This Policy only applies to trading undertaken in respect of MiFID products. These best execution standards will not be applied when transacting in assets that are not MiFID products.

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[1] While CBPL does not owe best execution obligations to Eligible Counterparties, CBPL will act honestly, fairly and professionally and manage conflicts of interest in accordance with applicable COBS rules.

By agreeing to trade MiFID products and sending orders through CBPL, a client has agreed for CBPL to automatically receive and transmit the orders to Coinbase affiliate entities, and to support funding methods and forms of sale proceeds in connection with such MiFID product transactions as detailed in our User Agreement. CBPL will not act as an agent or counterparty to the transactions.

Notwithstanding the above, CBPL is always subject to a general regulatory obligation to achieve best possible results for its clients, treat clients fairly and to manage any conflict of interest.

4. Specific Instructions

Where CBPL, and as a result its Coinbase affiliates, are given a specific instruction by a client with regards to the execution of an order, those specific instructions must be followed. There will be instances where the specific instruction overrides the general best execution obligation. For example, a limit order which specifies a price at which a client wants a trade to be executed (which may be lower than the live market price).

There are no guarantees of execution price for any order types. The price at which an order is ultimately executed can differ from the proposed execution price indicated at the time the order is placed. Factors like market volatility and liquidity mean that market orders may be executed at a better or worse price than originally proposed and limit orders may be executed at a better price than originally proposed.

Note that subject to our User Agreement, CPBL will have no liability against any client if the price at which the order is executed is different to the proposed execution price initially indicated. Clients should be aware of execution risks before placing orders of any type.

5. Execution Factors

CBPL as a firm providing RTO services is required to take into account criteria for determining the relative importance of the execution factors, such as:

- The characteristics of a client, including client categorisation (i.e. whether retail or professional);
- The characteristics of the client order (i.e. type and size of that order);
- The characteristics of financial instruments that are the subject of that order (i.e. whether the order relates to a share, future or PERP);
- The characteristics of the execution venue to which that order can be directed; and
- The characteristics of the execution venue and their regulatory status.

Generally, for Retail Clients, the best possible result is determined by the total consideration, i.e. the price of the instrument plus all related execution costs. Speed, likelihood of execution and settlement, the size and nature of the order and market impact may be given precedence only where they are instrumental in achieving the best overall result for the client. For Professional Clients and Eligible Counterparties, we may place greater emphasis on other execution factors where appropriate.

As CBPL automatically transmits orders, not all execution factors[2] will apply directly to CPBL. However, as part of the general requirements to treat clients fairly and manage conflicts, CPBL considers that for most instances price will have the priority ranking and that total consideration is a function of that priority.

6. How MiFID Products are Traded

CBPL arranges trades under the following arrangements, which vary depending on the product type:

- **PERPs and Futures**

In order to trade PERPs and Futures, clients must be categorised as a Professional Client (elective or per se) or eligible counterparty client, i.e. CBPL does not currently arrange trades in these products for UK Retail Clients. This means that natural persons must meet the opt-up professional requirements to be categorised as an elective Professional Client.

CBPL will receive orders via the CPBL user interface and automatically transmit orders for execution to:

a. CBBM, a Bermuda-registered broker that will execute those user orders on a selected execution venue (e.g. INTX) for PERPs; and
b. CFM, which is a U.S. Commodity Futures Trading Commission (**CFTC**)/National Futures Association (**NFA**) regulated Futures Commissions Merchant and Futures Broker, that will execute orders on a selected execution venue (e.g. on the Coinbase Derivatives, LLC exchange (**CDE**)) for Futures .

- **Equities**

Equities are available to UK Retail, professional and eligible counterparty clients. CBPL will receive orders from UK clients for equities via the Coinbase Platform (as defined in our User Agreement) and automatically transmit those orders to CCM, which is a broker-dealer registered in the U.S., which will then route those orders onwards to an external execution and clearing broker with access to the relevant venues, market makers and liquidity providers (e.g. Apex Clearing Corporation (**Apex**)).

[2] The execution factors being price, costs, speed of execution, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order (e.g. liquidity and prevailing market conditions).

7. Order Handling

- **Order Aggregation**

We do not typically aggregate client orders and they are automatically transmitted to our Coinbase affiliates for execution. In the limited circumstances where we do aggregate orders, we will only do so if we reasonably believe it will result in a better overall price for you. Please be aware that while aggregation can be beneficial, it may occasionally lead to a less favourable outcome than if your order had been executed separately. When aggregation occurs, our Coinbase affiliates will handle orders promptly and in sequence, unless market conditions or your specific instructions make this impractical.

- **Price Formation**

Prices are not determined by CBPL. As described above, CBPL transmits client orders to an external broker which determines pricing based on, for example, market data, liquidity, order book conditions or, for over-the-counter (**OTC**) instruments, internal pricing models.

- **Order Types**

CBPL makes available order types such as market, limit and conditional orders. These are transmitted to the executing broker and will operate in accordance with the broker's or venue's rules.

8. Execution Venues

CBPL is required to assess the characteristics of the MiFID product and choice of execution venue to ensure it consistently delivers best execution. As noted above, CBPL arranges trades through affiliates, e.g. CBBM (for PERPs), CFM (for Futures), and CCM (for equities).

- **PERPs and Futures**

An open PERPs position traded on an execution venue (e.g. INTX) can only be opened and closed on that execution venue, and similarly for an open Futures position (e.g. for a Futures position traded on CDE). MiFID does not prevent firms from only having one selected venue or broker. Even where there is no choice of venues, and best execution standards do not strictly apply, CBPL will continue to apply general requirements to treat clients fairly and to manage conflicts.

- **Equities**

Orders for equities may be ultimately executed on exchange or over-the-counter. CBPL maintains a written agreement between itself and its selected executing broker(s) (i.e. CCM), and such broker(s) will perform initial onboarding and ongoing due diligence on its chosen clearing/executing brokers (e.g. Apex).

9. Disclosure of inducements, conflicts and fees

Clients should refer to the Ex-Ante Costs and Charges disclosure for details on how their transactions are priced.

CBPL maintains a Conflicts of Interest policy to identify and manage potential conflicts. We do not structure or charge commissions in a way that would undermine our ability to comply with relevant conflicts and inducement rules regarding fees and remuneration, including (without limitation) the FCA best interest and inducement rules and restrictions on payment for order flow (i.e. PFOF).

See CBPL's Conflict of Interest Policy for further detail.

10. Monitoring and Review

CBPL will monitor the effectiveness of its order execution arrangements and whether any amendments need to be made to this Best Execution Policy.

CBPL periodically reviews its arrangements with its Coinbase affiliates. This includes for example, reviewing the execution arrangements and policy of its affiliates and any other third party brokers, confirming whether the affiliates have made any changes to the way orders are handled and executed, whether the affiliate is performing best execution monitoring, a summary of their monitoring approach, and whether any changes have been made as a result of the monitoring. CPBL also monitors market and regulatory developments.

CPBL will update this Best Execution Policy to reflect any changes relating to the result of its review and external changes in the market.

11. Fiduciary Duty

Our commitment to provide clients with best execution does not mean that we owe clients any fiduciary responsibilities in respect of order execution over and above the specific regulatory obligations placed upon us or as may be set out in this Policy and our user terms and conditions with clients.

12. Contact details

Upon reasonable request, we will provide a client with additional information about our execution arrangements. We will also notify clients of any material changes to this Policy.

Please feel free to reach out to CBPL's help desk at https://help.coinbase.com/en-gb with any questions and/or requests for additional information.

13. Glossary / Definitions

Term	Definition or Explanation
Apex	Apex Clearing Corporation
CBPL	CB Payments Ltd UK MiFID investment firm
CBBM	Coinbase Bermuda Limited
CCM	Coinbase Capital Markets
CDE	Coinbase Derivatives Exchange operated by operated by Coinbase Derivatives, LLC
CFM	Coinbase Financial Markets
COBS	Conduct of Business Sourcebook of the FCA Handbook
FCA	Financial Conduct Authority
FCA Handbook	The FCA's rules and guidance
INTX	Coinbase International Exchange operated by CBBM
MiFID	Markets in Financial Instruments Directive 2014/65/EU and related regulation as implemented in English law and UK regulations
RTO	Reception and transmission of orders