

To:

European Securities and
Markets Authority (ESMA)
201-203 rue de Bercy
75012 Paris, France

July 21, 2025**Re: Call for evidence on the retail investor journey:
understanding retail participation in capital markets**

Coinbase Global, Inc. (together with its subsidiaries, Coinbase) appreciates the opportunity to respond to the Call for Evidence on the retail investor journey: understanding retail participation in capital markets (the CfE) published by the European Securities and Markets Authority (ESMA or Regulator).

Coinbase is the most trusted service provider of crypto trading, custody, and infrastructure in the world. Founded in 2012 and publicly listed on the NASDAQ, we offer a secure and user-friendly interface for millions of verified retail and institutional investors globally. We are committed to building an open financial system and are doing so with the strongest regulatory compliance and security protocols available.

We believe this initiative comes at a pivotal moment, as technology-driven innovation reshapes how individuals engage in financial markets. This is an opportunity to modernize the EU's investor protection framework to reflect the needs, and behaviours of retail investors. By addressing structural, informational, and technological barriers currently inhibiting participation, ESMA can help foster more inclusive, transparent, and engaging retail markets.

Coinbase appreciates the opportunity to contribute to this dialogue and looks forward to continued collaboration with ESMA to advance a regulatory environment supporting innovation, investor trust, and safeguarding market integrity across the EU.

Yours sincerely,



Tom Duff Gordon, Vice President,
International Policy, Coinbase



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Introduction

Coinbase welcomes ESMA's consultation on the retail investor journey under MiFID II and strongly supports efforts to enhance participation, trust, and investor protection in EU capital markets. We identify and address several key areas where MiFID II can be modernized to better reflect the realities of digital-first investing. These include improving the clarity and effectiveness of disclosures; refining suitability and appropriateness assessments to reduce burden and increase relevance; and recognizing the role of digital platforms, mobile applications, and blockchain-based infrastructure in empowering modern retail investors.

We highlight the need for tailored and proportionate regulatory approaches that account for the unique characteristics of digital assets, while preserving strong standards for investor protection. We also underscore the importance of harmonizing classification and custody rules, enabling 24/7 trading, and fostering direct access to investment products.

Coinbase appreciates ESMA's comprehensive review of the investor journey and believes that targeted reforms – especially those embracing innovation and technology neutral principles – can improve outcomes for EU retail investors and help build more inclusive, resilient, and competitive capital markets.

Disclosure effectiveness

We strongly support the principles underpinning MiFID II, including transparency, investor protection, and market integrity. However, we believe adjustments are necessary to fully reflect the digitalisation of retail investment services. MiFID II must accommodate technological neutrality and flexibility to ensure effective investor engagement with digital retail investment services.

We recommend that ESMA prioritises improving the effectiveness and clarity of disclosures for digital financial products. Current MiFID II disclosures are often lengthy and overly complex, thereby potentially hindering rather than facilitating informed decision-making by retail investors. We propose adopting a digital-first approach to disclosures that leverages interactive formats, visual aids, and simplified language. A clear, concise, and engaging approach to disclosures would better support investors in understanding risks and making informed investment choices.

Suitability and appropriateness assessments

We recommend refining the current MiFID II framework regarding suitability assessments required for investment advice and portfolio management. These assessments are often complex, involve burdensome information collection processes, and must increasingly incorporate sustainability preferences. We recommend adopting streamlined assessment criteria that efficiently capture relevant investor preferences, risks, and benefits without overwhelming retail investors with unnecessary complexity.

We believe that the effectiveness of appropriateness assessments for non-advised services can be substantially improved by ensuring clear and comprehensible risk warnings and educational resources. Retail investors should clearly understand product risks and implications, enhancing informed decision-making and engagement. Simplified and precise language should be used to effectively communicate risk, avoiding overly technical descriptions.

Furthermore, Coinbase emphasizes the critical role of digital platforms and mobile applications. These platforms significantly simplify investment processes, providing real-time, accessible information that enhances investor understanding and engagement. ESMA should support further innovation in digital solutions that improve user experience and comprehension rather than complicating the investment process.

Role of digital platforms and investor education

Additionally, Coinbase underscores the importance of robust financial education initiatives. Addressing specific knowledge gaps among retail investors is crucial in reducing investment reluctance and boosting investor confidence. Targeted educational programs, specifically designed for digital asset investments, could significantly enhance investor competence and engagement in capital markets.

Lastly, Coinbase stresses the necessity of fostering trust among retail investors toward investment service providers. Perceptions of bias, conflicts of interest, and lack of transparency must be actively mitigated through clear, unbiased, and comprehensive communication. Increased transparency and standards designed to ensure tailored advice meets the specific needs and investments of investors, serve to improve trust and investor-provider relationships.

Adjustments to MiFID II

ESMA's consultation does not fully address several transformative aspects of the retail investor experience, particularly as they relate to emerging technologies, market structures, and the evolving role of digital assets in EU capital markets. Coinbase

recommends focused changes and additional guidance in the following areas not limited to MiFID II:

24/7 Trading and market access

Retail investors increasingly expect continuous access to markets. Crypto-asset markets already operate 24/7 globally, providing real-time trading opportunities that improve price discovery and risk management. MiFID II and related frameworks should evolve to support extended trading hours where there is demand and appropriate infrastructure, rather than assuming market closure norms that reflect older trading models. ESMA should develop guidance on how to enable this while maintaining market integrity.

Direct retail access without intermediaries

Traditional market infrastructure relies heavily on intermediaries, adding costs and complexity for retail investors. Crypto markets demonstrate that direct access to trading venues is viable and can broaden inclusion, reduce fees, and improve efficiency. ESMA should address how MiFID II can accommodate direct retail access models with suitable safeguards, including disclosure requirements, appropriateness testing, and investor protection measures.

Decentralized custody and self-custody solutions

Current EU rules often assume centralized custody arrangements. Decentralized and blockchain-native custody models, including self-custody and smart-contract based solutions, enable secure, transparent, and efficient asset management. ESMA should consider harmonizing custody rules to explicitly recognize and regulate these models, ensuring consistent investor protection across member states while supporting innovation.

On-chain settlement and tokenized issuance

Settlement finality and record-keeping in traditional markets depend on centralized intermediaries like CSDs. DLT enables near-instant, atomic settlement and native on-chain issuance of securities, reducing operational risk and cost. Current regulations like the CSDR are not fully adapted to this reality. ESMA should collaborate with legislators to modernize rules to recognize DLT-based processes, clarify legal enforceability of on-chain issuance, and enable integrated trading, settlement, and custody within a single regulated platform.

Harmonization of classification and cross-border rules

Fragmented classification of crypto-assets i.e. MiCA vs MiFID) across NCAs risks undermining the single market. EMSA should strengthen guidance for consistent,

technology-neutral classification of crypto-assets, providing clear examples to NCAs to avoid divergence. Harmonization is critical for passporting services and investor confidence.

Fragmented custody frameworks and cross-border barriers

EU custody rules remain fragmented, creating uncertainty for cross-border custodial services for digital assets. ESMA should work with other authorities to establish a consistent framework that recognizes onchain segregation, ensures consistent investor protection, and supports cross-border interoperability.

Use of stablecoins and digital settlement assets

MiCA-authorized stablecoins can serve as robust settlement assets, enabling atomic settlement and programmable transactions. ESMA should consider how MiFID II and related rules can integrate stablecoins as settlement assets outside of the DLT Pilot Regime, enabling broader use while maintaining safety and resilience.

Targeted responses

Q11: What role do digital platforms and mobile applications play in shaping the investor journey? Are there digital features or tools that have simplified the investment process or improved investor understanding and decision-making? Conversely, are there aspects that may complicate the experience for some retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.

Digital platforms and mobile apps have transformed the investor journey by providing accessible, intuitive interfaces, real-time market data, and streamlined onboarding. To the extent that retail users are intimidated by brick and mortar intermediaries or deterred by the costs of platforms that are not tailored to their needs, digital platforms and mobile apps can help to democratize access to investment and financial services. Online services also have the benefit of being easily available outside of traditional business hours and at times that are more convenient for retail users to engage.

Coinbase's platform demonstrates how technology can simplify the process for first-time investors, reduce costs, and enhance understanding through in-app disclosures and education. Digital solutions also enable 24/7 access to markets, meeting the expectations of modern investors and supporting ESMA's goals of greater retail participation and informed investing

Q15a: MiFID II disclosure requirements aim to provide transparency and support informed investment decisions. In practice, do you believe these disclosures are helping retail investors engage with capital markets, or are there aspects - such as volume, complexity of content, lack of comparability, or format - that may reduce their effectiveness? Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.

While MiFID II disclosure requirements aim to support informed investment decisions, in practice they are often too lengthy, complex, and poorly adapted to digital channels. This reduces their effectiveness for retail investors. Coinbase advocates for simplified, digital-first, interactive disclosures using plain language, visual aids, and layered approaches to present essential information clearly. This approach better aligns with how modern investors consume information, increasing engagement and comprehension while maintaining high standards of investor protection.

Q41: Does the current regulatory framework strike the right balance between protecting retail investors and allowing them to take informed investment risks? Please explain and provide practical examples, or evidence drawn from experience, where available.

While MiFID II is a robust framework for investor protection, its current form can be too rigid and insufficiently adapted to technological innovations like blockchain and digital assets. Overly prescriptive rules may deter new entrants, reduce competition, and limit the tools available to retail investors. Coinbase supports a balanced, proportionate approach that protects investors while enabling responsible innovation, including the adoption of permissionless networks and direct retail access models that can reduce costs and improve inclusion.

Q42: Are there any aspects of the retail investor experience – whether related to firm practices or the regulatory framework – that are not sufficiently addressed in this consultation or in the current MiFID II rules? If so, please explain where changes in rules, or further supervisory attention or guidance may be helpful.

ESMA's consultation overlooks several critical innovations that can transform the retail investor journey. In particular, 24/7 trading, direct retail access to trading venues without intermediaries, decentralized custody solutions, and blockchain-native settlement mechanisms are all underexplored. These innovations can significantly reduce costs, enhance transparency, and expand access while maintaining strong safeguards.

Coinbase encourages ESMA to consider these areas to ensure a modern, competitive and inclusive European capital market.