



Coinbase Financial Markets, Inc.
CFTC 1.55(k) FCM Specific Disclosure Document

I. Introduction

Coinbase Financial Markets, Inc. (“CFM”, the “Firm”, or “Company”) is a registered futures commission merchant (“FCM”) with the Commodity Futures Trading Commission (“Commission” or “CFTC”) and is a member of the National Futures Association (“NFA”). The Commission requires each FCM, including CFM, to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities (funds) with the FCM. Except as otherwise noted below, the information set out within this CFTC 1.55(k) FCM Specific Disclosure Document is as of March 31, 2024. CFM will update this information annually or more frequently as necessary to take account of any material change to its business operations, financial condition, or other factors that CFM believes may be material to a customer’s decision to do business with CFM. Nonetheless, CFM’s business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

NOTE: CFM is a subsidiary of Coinbase Global, Inc. (“CGI”) and an affiliate of Coinbase, Inc. Information that may be material with respect to CFM for purposes of the Commission’s disclosure requirements may not be material to CGI for purposes of applicable securities laws.

II. Firm and its Principals

a. The Firm:

Coinbase Financial Markets, Inc.

66 Hudson Boulevard East,
Floor 23 New York, NY
10001

United States

(Tel.) 1-888-908-7930

<https://www.coinbase.com/fcm>

Email: Coinbasefinancialmarkets@coinbase.com

CFM’s Designated Self-Regulatory Organization (“DSRO”) is the National Futures Association, whose website address is: <https://www.nfa.futures.org>.

b. Principals:

Below are the names, titles, business addresses, and biographies, including business background, areas of responsibility, and the nature of duties, of each of the Firm’s Principals as defined in §3.1(a).

**Andrew Sears, Chief Executive Officer**

Business Address: 66 Hudson Boulevard East, Floor 23 New York, NY 10001

Background: Mr. Sears joined Coinbase, Inc. in June 2022 from E&Y, where he spent the last 4 years as senior change management executive and client advisor, supporting sell-side firms with the management of strategic transformation initiatives, from design through implementation. In September 2022, Mr. Sears was appointed the CEO of CFM. Mr. Sears has proven leadership skills in business and team development, project management, and organizational change. His product expertise ranges the gamut across OTC and listed derivatives, commodities, securities lending, equities, and prime brokerage. Immediately prior to his tenure at E&Y, Mr. Sears spent 13 years at Goldman Sachs in a variety of leadership roles supporting its trading and brokerage operations. Mr. Sears holds an MBA (Finance) from New York University, and a BA (Economics) from Ohio Wesleyan University. Mr. Sears holds the Series 3 license.

Alexander Eby, Chief Operating Officer

Business Address: 66 Hudson Boulevard East, Floor 23 New York, NY 10001

Background: Mr. Eby joined Coinbase, Inc. in April 2022. Prior to Coinbase, he worked at Morgan Stanley, where he served as the Director of Listed Derivatives Margin Control. In his 6+ year tenure at Morgan Stanley, Mr. Eby held a variety of roles related to Operations and Support for Futures, Cleared Swaps, and US Listed Options. Most recently he was responsible for managing Margin calls, position reconciliation, and was the primary point of contact for clearinghouses, brokers, and custodian banks. Mr. Eby and the operations department of CFM will be responsible for trade date reconciliations for all new trade activity, T+1 reconciliations which will focus on trade, position and margin, configuring and delivering reporting to stakeholders (statements, OCR reporting, Large Trader, Monthly statements, tax documents, etc), and ensuring daily margin calls are met. Mr. Eby holds a Bachelor of Science in Economics from Susquehanna University. Mr. Eby was previously Series 7 licensed with FINRA from 2015-2022 and currently holds the Series 3 license.

Eugene Ferrara, Chief Compliance Officer

Business Address: 66 Hudson Boulevard East, Floor 23 New York, NY 10001

Background: Mr. Ferrara joined Coinbase, Inc. in February 2023 and serves as the Chief Compliance Officer of CFM and is responsible for general oversight of CFM's compliance controls and functions. Prior to Coinbase, Mr. Ferrara was CCO for GSR, a crypto market maker. Mr. Ferrara, was formerly an Executive Director at JP Morgan in their Markets Compliance Group where he also served as CCO for their swap dealer business. Prior to that he was at Morgan Stanley and oversaw compliance for their futures and options trading operations. Mr. Ferrara started his career as part of the market surveillance team of the now CME Group. He received a B.A. in Criminal Justice from Rutgers University. Mr. Ferrara holds the Series 3 license.

**Isaiah Ramirez, Chief Risk Officer**

Business Address: 66 Hudson Boulevard East, Floor 23 New York, NY 10001

Background: Mr. Ramirez will be responsible for overseeing CFM's Risk Management Program (RMP). Mr. Ramirez joined Coinbase, Inc. in June 2021, and helped develop the CFM's RMP, margin multiplier, pre trade checks, liquidation framework, stress testing, and liquidity risk framework. Prior to joining Coinbase, Inc., Mr. Ramirez spent 10 years in the Risk Division at Goldman Sachs within the Liquidity and Credit Risk Departments. In Credit Risk, he held leadership roles spanning derivatives stress testing, equities structured financings, prime brokerage, and listed derivatives. In Liquidity Risk, he held leadership roles covering liquidity stress testing, clearinghouse risk, prime brokerage, and listed derivatives.

Benjamin Anania, Chief Financial Officer

Business Address: 66 Hudson Boulevard East, Floor 23, New York, NY 10001

Background: Mr. Anania joined Coinbase, Inc. in June 2024 and serves as Chief Financial Officer of CFM, responsible for general oversight of financial accounting, controls, and regulatory reporting. Mr. Anania offers core competencies in several areas of the business, including accounting and financial and regulatory reporting. Before joining Coinbase, Inc., Mr. Anania worked at EY as both an auditor and a consultant supporting strategic transformation for capital markets clients. Mr. Anania holds Series 3 and CPA licenses. He holds a B.S. in Finance and a B.S. in Accounting from Indiana University and is pursuing an MBA from the University of Michigan.

Brian Armstrong, Indirect Owner

Business Address: 248 3rd Street #434, Oakland, CA 94607

Background: Mr. Armstrong is the co-founder and Chief Executive Officer of Coinbase Global, Inc. and serves as Chairman of the Board of Directors. Prior to founding Coinbase Global, Inc., Mr. Armstrong served as a software engineer at Airbnb, Inc. and as the founder and Chief Executive Officer of Universitytutor.com, an online tutoring directory. Mr. Armstrong also previously served as a consultant for the enterprise risk management division at Deloitte & Touche LLP. Mr. Armstrong holds a B.A. in Computer Science and Economics and an M.S. in Computer Science from Rice University.

Alesia Haas, Board of Directors

Business Address: 248 3rd Street #434, Oakland, CA 94607

Background: Ms. Haas joined Coinbase Global, Inc. in April 2018 as Chief Financial Officer and is a member of the board of directors of CFM. Before joining Coinbase, Inc., Ms. Haas served as the Chief Financial Officer for Sculptor Capital Management, Inc., a global institutional alternative asset manager, and in various leadership positions at OneWest Bank, N.A. Ms. Haas holds a B.S. in Business Administration from California Polytechnic State University, San Luis Obispo.

Paul Grewal, Board of Directors

Business Address: 248 3rd Street #434, Oakland, CA 94607

Background: Mr. Grewal joined Coinbase Global, Inc. in August 2020 as Chief Legal Officer &



Secretary. Prior to joining Coinbase Global, Inc., Mr. Grewal served as Vice President & Deputy General Counsel of Meta Platforms, Inc. and as a U.S. Magistrate Judge for the U.S. District Court of the Northern District of California. Mr. Grewal was previously a partner at Howrey LLP, a global law firm, and served as a Judicial Law Clerk for the U.S. Court of Appeals for the Federal Circuit and the U.S. District Court for the Northern District of Ohio. Mr. Grewal holds a S.B. in Civil and Environmental Engineering from the Massachusetts Institute of Technology and a J.D. from the University of Chicago Law School.

Coinbase Global, Inc., Parent Company

Business Address: 251 Little Falls Drive, Wilmington, DE 19808

Background: Coinbase Global, Inc. is the common parent for CFM and its exchange affiliates. In January 2014, Coinbase Global, Inc. was incorporated as a Delaware corporation to act as the holding company of Coinbase, Inc. and other subsidiaries. In April 2014, Coinbase, Inc. became a wholly-owned subsidiary of Coinbase Global, Inc. Coinbase Global, Inc.'s principal assets are the equity interests of Coinbase, Inc. In addition to Coinbase, Inc., Coinbase Global, Inc. is the parent company of a number of other operating subsidiaries.

III. Firm Business

CFM is a non-clearing FCM and clears all of its customers' futures transactions through an omnibus account arrangement with its clearing FCM, ABN AMRO Clearing Chicago LLC ("ABN"). The Firm is a member of LMX Labs, LLC (d/b/a Coinbase Derivatives Exchange) and does not currently hold any other futures exchange nor any clearing organization memberships. The Firm's customers are primarily institutional and US-based retail that maintain self-directed accounts, and all are part of the customer-base of its affiliated US-based crypto-assets exchange Coinbase, Inc. The Firm's customers generally trade crypto futures on Coinbase Derivatives Exchange. The Firm does not offer foreign futures, security futures, cleared swaps or over-the-counter ("OTC") derivatives to its customers. The Firm does not have any international businesses. The Firm engages Citibank, N.A. ("Citi") and ABN for deposits of futures customers' funds and the current policy of the Firm is to not invest such funds in any investments permitted by CFTC Regulation 1.25. ABN and Citi are subject to internal Firm due diligence and evaluation.

The significant types of business activities and product lines engaged in by CFM and the approximate percentage of CFM's asset and capital that are used in each type of activity are below:

Activity/Product Line	Percentage of Assets	Percentage of Capital
Futures Commission Merchant	100%	100%

IV. Permitted Depositories and Counterparties

CFM may invest futures customer funds in cash, U.S. Government securities, municipal securities, commercial paper, corporate debt, and/or money market mutual funds allowed by 17



CFR § 1.25 (“Authorized Investments”). Customer funds will be segregated and remain in cash and/or Authorized Investments held at a domestic depository institution and our clearing FCM firms. The omnibus accounts maintained at our clearing FCM may hold either cash or Authorized Investments pursuant to 17 CFR § 1.25.

CFM has established policies and procedures concerning the choice and ongoing maintenance of banks, depositories and custodians that operate under CFTC Rule 1.25. CFM adheres to the CFM Liquidity & Segregation Policy, which sets forth CFM's liquidity and segregation responsibilities, controls, and processes designed to comply with CFTC and NFA financial requirements. CFM Finance, with oversight by the Risk Management Department, is responsible for the selection and monitoring of depositories that operate under CFTC Rule 1.25. The process for selecting depositories involves an evaluation of the depository's capitalization, creditworthiness, operational capabilities, and liquidity profile. CFM conducts a fundamental counterparty credit analysis when evaluating depositories in accordance with the Coinbase Global Credit Risk Policy and the Counterparty & Credit Risk Institutional Credit Rating Methodology.

Counterparties are selected in accordance with a financial institutions analysis that includes an evaluation of a bank's capital, asset quality, management, earnings, liquidity, sensitivity, and regulatory framework. Each factor is equally weighted and receives a rating (Poor, Average, or Good) that is capped at a certain level based on the total assets irrespective of the underlying evaluation of financial and operational health metrics. Once a counterparty is selected, CFM conducts an annual review and employs interim monitoring as appropriate, based on factors such as the obligor's stability and CFM's exposure amount.

CFM engages Citi and ABN for deposits of futures customers' funds and utilizes ABN to clear its futures business. Citi and ABN are subject to internal CFM due diligence reviews and evaluation under the CFM Liquidity & Segregation Policy on at least an annual basis, but may be reviewed more frequently if warranted, to ensure compliance with regulatory requirements and that the evaluation criteria continue to be met and.

V. Material Risks

While CFM does not believe any of the following risks to be material, it recognizes that customers may be subject to liquidity, credit, and/or counterparty risks relating customer funds entrusted to CFM. Whereas customer funds are protected by significant regulatory protections and CFM's internal risk management and investment policies, they are, nonetheless, subject to certain risks. These risks include, the risk of loss of all or part of the customer's funds due to investments made by CFM, risks associated with the operations of CFM, its third-party service providers or its affiliates, and risks related to the financial condition of CFM or its affiliates, among other risks. CFM attempts to mitigate these risks by maintaining excess capital and investing in cash or highly liquid, readily accessible products.



- i. Potential risks from investments of customer funds. CFM does not engage in permitted investments under Regulation 1.25. Were CFM to initiate such permitted investments at any time, such activity would entail risks arising from the particular investments, including market risk (the risk of loss arising from changes in price or value of an investment), credit risk (the risk of loss from a counterparty or issuer failing to meet its financial obligations), interest rate risk (the risk of loss due to changes to the level of one or more interest rates), and foreign exchange risk (the risk of loss due to changes to the value of a foreign currency or exchange rate between currencies). Under normal circumstances, and in accordance with CFTC regulations, an FCM bears sole responsibility for any losses resulting from the investment of customer funds in permitted investments under Regulation 1.25. However, in the extraordinary circumstance of an FCM's insolvency involving losses on permitted investments that the FCM was unable to cover, customers could bear a pro-rata share of such losses.
- ii. Potential risks from operations of CFM, its affiliates, third-party service providers, and various financial matters. Customers may be exposed to risks associated with the operations of CFM or its affiliates. These risks include the risk of financial or other loss arising from inadequate or failed internal processes, employees, resources and systems or from fraudulent or other improper conduct. CFM performs the functions required to operate its business either by itself or through its affiliates or through other third-party service providers. CFM relies on the ability of its employees, its internal systems and systems at technology centers operated by both affiliated and unaffiliated third parties to process transactions. These third parties may fail to perform their obligations, which could, in turn, disrupt CFM's operations. CFM also faces the risk of default, operational failure or cessation of operations of any of the clearing firms, exchanges, clearing houses, custodians, depositories or other financial intermediaries it uses to facilitate customer transactions. In the event of such a default, breakdown or improper operation of CFM's own, an affiliate's, or a third party's systems, or improper or unauthorized action by third parties or CFM's employees, CFM could suffer financial loss, an impairment of liquidity, a disruption of business, regulatory sanctions or damage to its reputation, any of which could adversely affect its customers.
- iii. Risks related to the financial condition of CFM or its affiliates. CFM does not utilize any balance sheet leverage, does not have any principal liabilities, does not operate any other lines of business, and does not have any significant liabilities, contingent or otherwise, or have any material commitments. Except for de minimis transactions from time to time entered into CFM's house account to evaluate and measure the fidelity and integrity of CFM's systems, CFM does not engage in any proprietary trading. CFM's corporate parent, CGI, currently has a credit rating of B2 by Moody's, and BB- by Standard & Poors'.



VI. Material Complaints or Actions

There are currently no material administrative, civil, enforcement, or criminal complaints or actions pending against CFM relating to its activities as an FCM or otherwise.

In the normal course of business, CFM and its affiliates are subject to examinations and inquiries from government regulators and self-regulatory organizations. These matters could result in recommendations of enforcement or other actions that could potentially result in fines, penalties, or other sanctions. CFM, or its affiliates, are almost always engaged in ongoing regulatory matters that could ultimately lead to enforcement actions that could have a material impact on its business.

Disciplinary history regarding CFM may be obtained from the NFA's website at <https://www.nfa.futures.org/basicnet/>.

VII. Customer Funds Segregation

Customer Accounts. FCMs may maintain up to three (3) different types of accounts for customers, depending on the products an FCM offers and the products a customer trades:

- i) a **Customer Segregated Account** for customers that trade futures and options on futures listed on US futures exchanges;
- ii) a **30.7 Account** (referring to CFTC Regulation 30.7) for customers that trade futures and options on futures listed on foreign boards of trade; and
- iii) a **Cleared Swaps Customer Account** for customers trading swaps that are cleared on a Designated Clearing Organization ("DCO") registered with the CFTC.

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral (collectively, Customer Funds) required to be held in one type of account, e.g., the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, e.g., the 30.7 Account, except as the Commission may permit by order. **CFM does not currently support trading in foreign futures or in cleared swaps and CFM therefore does not maintain a 30.7 Account or a Cleared Swaps Customer Account.**

Customer Segregated Account. Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the US, i.e., designated contract markets, are held in a Customer Segregated Account in accordance with section 4d(a)(2) of the Commodity Exchange Act and CFTC Regulation 1.20. Customer Segregated Funds held in the Customer Segregated Account may not be used to meet the obligations of the FCM or any other person, including another customer.



All Customer Segregated Funds may be commingled in a single account, i.e., a customer omnibus account, and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the US; (ii) in a money center country; or (iii) in the country of origin of the currency.

An FCM must hold sufficient US dollars in the US to meet all US dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than the US dollar) as follows: (i) US dollars may be held in the US or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies may be held in the US or in money center countries to meet obligations denominated in currencies other than the US dollar.

For additional information on the protection of customer funds, please see the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" located at https://www.fiadocumentation.org/fia/regulatory-guidance_1/protection-of-customer-funds-faq_2.

VIII. Filing a Complaint

Customers wishing to file a complaint with CFM may do so at <https://help.coinbase.com/en/contact-us/submit-a-complaint>. In the event a customer cannot resolve an issue with CFM, the customer has the option of filing a complaint with the CFTC or NFA.

A customer wishing to file a complaint about CFM or one of its employees with the CFTC may contact the Division of Enforcement online by visiting <https://www.cftc.gov/Forms/tipsandcomplaints.html> or by phone at 866-366-2382.

A customer wishing to file a complaint about CFM or one of its employees with the NFA may do so at <http://www.nfa.futures.org/basicnet/Complaint.aspx> or by calling the NFA directly at 800-621-3570.



IX. Relevant Financial Data

The Firm's financial statements as of the most recent month-end, including the Firm's total equity, regulatory capital, and net worth, all computed in accordance with US Generally Accepted Accounting Principles and § 1.17, as applicable, are available at <https://www.coinbase.com/fcm/financials>.

Proprietary margin requirements as a percentage of the aggregate margin requirement for: <ul style="list-style-type: none">- Futures Customers- Cleared Swaps Customers- 30.7 Customers	0% N/A N/A
Number of futures customer, cleared swaps customers and 30.7 customers that comprise 50% of the FCM's total funds <ul style="list-style-type: none">- Futures Customers- Cleared Swaps Customers- 30.7 Customers	0 N/A N/A
Aggregate notional value of all non-hedged, principal, over- the-counter transactions	N/A
Unsecured lines of credit the FCM has obtained but not yet drawn upon	\$0
Aggregate amount of financing the FCM provides for customer transactions involving illiquid financial products	N/A
Percentage of futures customer, cleared swaps customers, and 30.7 customer receivable balances that the FCM had to write off as uncollectable during the past 12-month period.	0%
Leverage ratio	1.01

CFM's audited financial statements will be made available at <https://www.coinbase.com/fcm/financials>. CFM's next scheduled audit will be completed for the fiscal year ending December 31, 2024.

Additional financial information on all FCMs is also available on the Commission's website at: <http://www.cftc.gov/MarketReports/FinancialDataforFCMs/index.htm>.

Customers should be aware that the NFA publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a



twelve-month period is available.) In addition, NFA publishes twice monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess segregated funds, i.e., the FCM's Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public will also have the ability to see information for the most recent twelve-month period.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's BASIC system (<http://www.nfa.futures.org/basicnet/>) and then clicking on "View Financial Information" on the FCM's BASIC Details page.

X. Risk Practices, Controls and Procedures

The Firm has established a Risk Management Program which sets forth practices, controls, policies and procedures consistent with CFTC Rule 1.11, which are designed to manage and monitor the risks associated with its activities under the guidance and direction of its CRO. In connection with these practices, controls, policies and procedures, CRO establishes market risk-based limits for each customer account; screens orders for compliance with such risk-based limits, monitors for adherence to the risk-based limits intra-day and overnight, and conducts stress tests of all positions in any customer account that could pose material risk. CFM's Risk Management Program includes criteria for identifying risks and risk tolerance levels, periodic risk exposure reports, and policies and procedures to monitor segregation, capital and operational risks. CFM has established a Risk Management Unit that reports directly to senior management and is independent from the business unit. The Risk Management Unit provides quarterly risk exposure reports to senior management that sets forth all applicable risk exposures to credit risk, liquidity risk, market risk, operational risk, information security risk, data management risk, strategic risk, reputational risk, legal risk, regulatory and compliance risks.