

## Headnote

Application for time-limited relief from prospectus requirement, suitability requirement, trade reporting requirements and marketplace rules – suitability relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling, staking and holding of crypto assets – relief granted subject to certain conditions set out in the decision, including fair access, transparency, market integrity, investment limits, account appropriateness, disclosure and reporting requirements – relief is time-limited – relief granted based on the particular facts and circumstances of the application with the objective of fostering capital raising by innovative businesses in Canada – decision should not be viewed as precedent for other filers in the jurisdictions of Canada.

## Applicable Legislative Provisions

- Part 3 of MI 96-101;
- NI 21-101;
- NI 23-101;
- NI 23-103.

**Citation: Re Coinbase Canada, Inc., 2024 ABASC 59**

**Date: 20240403**

In the Matter of  
the Securities Legislation of Ontario (the Principal Jurisdiction),  
and Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador,  
Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island,  
Québec, Saskatchewan and Yukon  
(the **Jurisdictions**)

and

In the Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of  
Coinbase Canada Inc. (the **Filer**)

and

In the Matter of  
Coinbase, Inc.

## Decision

## Background

As set out in Canadian Securities Administrators (**CSA**) Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**CSA**

SN 21-327) and in Joint CSA/Investment Industry Regulatory Organization of Canada (**IIROC**) Staff Notice 21-329 *Guidance for Crypto Asset Trading Platforms: Compliance with Regulatory Requirements*, securities legislation applies to crypto asset trading platforms (**CTPs**) that facilitate or propose to facilitate the trading of instruments or contracts involving crypto assets because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (the **Crypto Contracts**).

To foster innovation and respond to novel circumstances, the CSA has considered an interim, time-limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTP's operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer operates a platform in Canada through which the Filer's clients may enter into Crypto Contracts with the Filer to purchase, hold, stake and sell assets commonly considered a crypto asset, digital or virtual currency, or digital or virtual tokens (each a **Crypto Asset** and collectively, the **Crypto Assets**). The Filer filed an application for registration as a restricted dealer in each province and territory of Canada. As set out in CSA Staff Notice 21-332 *Crypto Asset Trading Platforms: Pre-Registration Undertakings – Changes to Enhance Canadian Investor Protection*, the Filer provided a pre-registration undertaking to the CSA dated March 24, 2023.

While registered as a restricted dealer, the Filer intends to apply for registration as an investment dealer, and to seek membership with the Canadian Investment Regulatory Organization (**CIRO**, formerly IIROC) and registration as an alternative trading system (**ATS**). This decision (the **Decision**) has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Applicable Jurisdictions (as defined below) will not consider this Decision as constituting a precedent for other files.

### **Relief Requested**

The securities regulatory authority or regulator in the Principal Jurisdiction has received an application from the Filer (the **Passport Application**) for a decision under the securities legislation of the Principal Jurisdiction (the **Legislation**) exempting the Filer from:

- (a) the prospectus requirement under the Legislation in respect of the Filer entering into Crypto Contracts with clients to buy, hold, stake and sell Crypto Assets (the **Prospectus Relief**);
- (b) the requirement in section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that, before it opens an account, takes an investment action for a client or makes a recommendation or exercises discretion to take investment action, to determine on a reasonable basis that the action is suitable for the client (the **Suitability Relief**); and
- (c) provided that the Filer will comply with paragraph 12.6(b) of NI 31-103 by June 30, 2024, the requirement in paragraph 12.6(b) of NI 31-103 that the Filer must not

maintain bonding or insurance that benefits, or names as an insured, another person or company unless the individual or aggregate limits under the policy are only affected by or on behalf of the Filer or a subsidiary of the Filer whose financial results are consolidated with those of the registered firm (the **Temporary Insurance Relief**).

The securities regulatory authority or regulator in the Principal Jurisdiction and each of the other provinces and territories of Canada, as applicable (collectively, the **Coordinated Review Decision Makers**) have received an application from the Filer (collectively with the Passport Application, the **Application**) for a decision under the securities legislation of those jurisdictions exempting the Filer from the following:

- (a) certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**); and
- (b) except in British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the entirety of National Instrument 21-101 *Marketplace Operation*, National Instrument 23-101 *Trading Rules*, and National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces* (the **Marketplace Relief**) (together with the Prospectus Relief, the Suitability Relief, the Temporary Insurance Relief and the Trade Reporting Relief, the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a hybrid review application):

- (a) the Ontario Securities Commission (the **OSC**) is the principal regulator for this application (the **Principal Regulator**);
- (b) in respect of the Prospectus Relief and Suitability Relief, the Filer has provided notice that, in the jurisdictions where required, subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Non-Principal Jurisdictions**, and together with the Principal Jurisdiction, the **Applicable Jurisdictions**);
- (c) the Decision is the decision of the Principal Regulator; and
- (d) in respect of the Trade Reporting Relief and the Marketplace Relief, the Decision evidences the decision of each applicable Coordinated Review Decision Maker.

### **Interpretation**

Defined terms contained in National Instrument 14-101 *Definitions*, MI 11-102, and securities legislation have the same meaning if used in this Decision unless otherwise defined in this Decision.

For the purposes of this Decision, the following terms have the following meanings:

“Acceptable Third-party Custodian” means an entity that:

- (a) is one of the following:
  - (i) a Canadian custodian or Canadian financial institution;
  - (ii) a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [*Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada*] of National Instrument 81-102 Investment Funds;
  - (iii) a custodian that meets the definition of an “acceptable securities location” in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of CIRO;
  - (iv) a foreign custodian for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s); or
  - (v) an entity that does not meet the criteria for a qualified custodian and for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s);
- (b) is functionally independent of the Filer within the meaning of NI 31-103;
- (c) has obtained audited financial statements within the last twelve months, which
  - (i) are audited by a person or company that is authorized to sign an auditor’s report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction,
  - (ii) are accompanied by an auditor’s report that expresses an unqualified opinion, and
  - (iii) unless otherwise agreed to by the Principal Regulator, discloses on its statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset; and
- (d) has obtained a Systems and Organization Controls (SOC) 2 Type 1 or SOC 2 Type 2 report within the last twelve months, or has obtained a comparable report recognized by a similar accreditation board satisfactory to the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s).

“Act” means the *Securities Act* (Ontario).

“AML” means anti-money laundering.

“App” means the Filer’s mobile application that provides access to the Platform.

“API” means application programming interface.

“Canadian custodian” has the meaning ascribed to that term in NI 31-103.

“Canadian financial institution” has the meaning ascribed to that term in National Instrument 45-106 *Prospectus Exemptions*.

“CIPF” means the Canadian Investor Protection Fund.

“Coinbase Custody” means Coinbase Custody Trust Company, LLC.

“Coinbase Custody International” means Coinbase Custody International, Ltd.

“Coinbase Prime Accounts” means the accounts of Coinbase Prime Clients on the Platform.

“Coinbase Prime Brokerage Agreement” means an agreement under which a client receives trade execution, order routing, settlement and clearing services from the Filer, Coinbase, Inc., or Coinbase Europe Limited, and may receive custody services directly from Coinbase Custody or Coinbase Custody International.

“Coinbase Prime Clients” means Canadian permitted clients and Registered CTPs that: (a) have entered into a Coinbase Prime Brokerage Agreement with the Filer and represent that they are trading for a business or commercial purpose; or (b) have entered into an agreement with Coinbase, Inc. or Coinbase Europe Limited for trade execution, order routing, settlement or clearing services prior to the date of this Decision.

“Crypto Asset Statement” means the statement described in representation 29(b)(v).

“FINTRAC” means the Financial Transactions and Reports Analysis Centre of Canada.

“foreign custodian” has the meaning ascribed to that term in NI 31-103.

“Form 21-101F2” means Form 21-101F2 *Information Statement Alternative Trading System*.

“Form 31-103F1” means Form 31-103F1 *Calculation of Excess Working Capital*.

“IOSCO” means the International Organization of Securities Commissions.

“permitted client” has the meaning ascribed to that term in NI 31-103.

“qualified custodian” has the meaning ascribed to that term in NI 31-103.

“Registered CTP” means a CTP that is registered as a restricted dealer under securities legislation in one or more Applicable Jurisdictions;

“Risk Statement” means the statement of risks described in representation 29(b).

“Specified Crypto Asset” means the crypto assets, digital or virtual currencies, and digital or virtual tokens listed in Appendix B to this Decision.

“Specified Foreign Jurisdiction” means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, the Republic of Korea, New Zealand, Singapore, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America, and any other jurisdiction that the Principal Regulator may advise.

“Staking” means the act of committing or locking Crypto Assets in smart contracts to permit the owner or the owner’s agent to act as a Validator for a particular proof of stake consensus algorithm blockchain.

“Staking Services” means any and all services conducted by the Filer and third parties in order to enable the Staking of Crypto Assets that are held for the benefit of clients.

“Validator” means in connection with a particular proof of stake consensus algorithm blockchain, an entity that operates one or more nodes that meet protocol requirements for a Crypto Asset and participates in the consensus by broadcasting votes and committing new blocks to the blockchain.

“Value-Referenced Crypto Asset” means a Crypto Asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.

“Website” means the website [www.coinbase.com](http://www.coinbase.com) or such other website as may be used to host the Coinbase Global Platform (as defined below) from time to time.

In this Decision, a person or company is an affiliate of another person or company if

- (a) one of them is, directly or indirectly, a subsidiary of the other, or
- (b) each of them is controlled, directly or indirectly, by the same person.

## **Representations**

This Decision is based on the following facts represented by the Filer:

### *The Filer*

1. The Filer is a corporation incorporated under the laws of British Columbia with its head office in Toronto, Ontario.
2. The Filer is an affiliate of Coinbase, Inc., which was founded in 2012, and is a wholly-owned subsidiary of Coinbase Global, Inc. Coinbase Global, Inc., through its operating subsidiaries and affiliates (collectively, **Coinbase**), owns and operates an electronic trading platform for Crypto Assets that includes hosted wallet and ancillary services to over 110

million verified clients globally (the **Coinbase Global Platform**). In the year ended December 31, 2023, Coinbase facilitated US\$468 billion in trades.

3. Coinbase, Inc. is the operator of the Coinbase Global Platform outside of Canada. The Filer is the operator of the Coinbase Global Platform in Canada (the **Platform**). Any person or company resident in Canada that wishes to use the Coinbase Global Platform must do so through the Platform offered by the Filer.
4. Companies within the Coinbase group, including the Filer, have received licenses and registrations to operate from a number of different financial services regulators globally and are subject to regular oversight by those regulators, including the New York Department of Financial Services, the UK Financial Conduct Authority, the Federal Financial Supervisory Authority in Germany and the Central Bank of Ireland. These licenses cover both Crypto Asset and e-money / money transmission activities. The Filer is registered as a money services business under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).
5. The Filer and Coinbase, Inc. do not have any securities listed or quoted on an exchange or marketplace in any jurisdiction. Coinbase Global, Inc. is the equivalent of a reporting issuer in the United States and the common shares of Coinbase Global, Inc. are listed on Nasdaq. Coinbase Global, Inc. has audited consolidated financial statements, which are publicly available. The accounts of the Filer are considered a significant subsidiary within the audited consolidated financial statements of Coinbase Global, Inc.
6. The Filer's and Coinbase, Inc.'s personnel include product, engineering and design professionals, as well as qualified compliance, legal and financial professionals. These professionals bring a significant level of experience in crypto and financial services businesses. All personnel undergo a rigorous multi-stage interview process, and all personnel have and any new personnel will have passed a criminal background check.
7. The Filer and Coinbase, Inc. are not in default of securities legislation of any of the Applicable Jurisdictions, other than in respect of the subject matter to which this Decision relates.

#### *The Platform*

8. The Platform provides clients with the ability to enter into Crypto Contracts and to securely trade Crypto Assets using fiat currency and Crypto Assets, and to custody Crypto Assets relating to Crypto Contracts.
9. The rights and obligations of the Filer and each client under the Crypto Contracts are set out in the Filer's user agreement, which is accepted by clients, other than Coinbase Prime Clients, at the time the client opens an account.
10. The rights and obligations of the Filer and each Coinbase Prime Client are set out in the Coinbase Prime Brokerage Agreement, which is accepted by Coinbase Prime Clients at the time the Coinbase Prime Client opens an account.

11. The Filer's trading of Crypto Contracts is consistent with activities described in CSA SN 21-327 and constitutes the trading of securities and/or derivatives.
12. The Filer does not have any authority to act on a discretionary basis on behalf of clients and will not manage any discretionary accounts.
13. The Filer will not be a member firm of CIPF and the Crypto Assets that are held in custody by the Filer will not qualify for CIPF coverage. The Filer's Risk Statement will include disclosure that there will be no CIPF coverage for the Crypto Assets and clients other than Coinbase Prime Clients must acknowledge that they have received, read and understood the Risk Statement before opening an account with the Filer.

*Crypto Assets Made Available through the Platform*

14. The Filer has established and applies policies and procedures to review Crypto Assets and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy, sell, stake or hold a particular Crypto Asset on its Platform in accordance with the know-your-product provisions of NI 31-103 (**KYP Policy**). Such review includes, but is not limited to, publicly available information concerning:
  - (a) the creation, governance, usage and design of the Crypto Asset, including the source code, security, roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Asset;
  - (b) the supply, demand, maturity, utility and liquidity of the Crypto Asset;
  - (c) material technical risks associated with the Crypto Asset, including any code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the potential susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
  - (d) legal and regulatory risks associated with the Crypto Asset, including any pending, potential or prior civil, regulatory, criminal or enforcement action relating to the issuance, distribution or use of the Crypto Asset.
15. The Filer does not allow clients to buy or deposit, or to enter into Crypto Contracts to buy or deposit, Value-Referenced Crypto Assets that do not satisfy the conditions set out in section (1) of Appendix F. However, the Filer will need to make certain changes to the Platform to remove Value-Referenced Crypto Assets that will not satisfy the other terms and conditions in Appendix F after April 30, 2024. The Filer expects these changes will be completed as soon as practicable, and in any event, on or before October 31, 2024.
16. The Filer does not allow a client to enter into a Crypto Contract, to buy, sell, and if applicable, stake Crypto Assets unless the Filer has taken steps
  - (a) to assess the relevant aspects of the Crypto Asset, including the information specified in representation 14, to determine whether it is appropriate for the client,



- (b) to approve the Crypto Asset and the Crypto Contracts to buy, sell, and if applicable, stake such Crypto Asset, to be made available to the client, and
  - (c) as set out in representation 19, to monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
- 17. The Filer is not engaged, and will not engage without the prior written consent of the Principal Regulator, in trades that are part of or designed to facilitate the design, creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuer, or affiliates or associates of such persons.
- 18. As set out in the Filer's KYP Policy, the Filer has established and will apply policies and procedures to determine whether a Crypto Asset available to be traded through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:
  - (a) consideration of statements made by any regulators or securities regulatory authorities of the Applicable Jurisdictions, other regulators in IOSCO member jurisdictions or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and
  - (b) if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Applicable Jurisdictions.
- 19. The Filer monitors ongoing developments related to Crypto Assets available on its Platform that may cause a Crypto Asset's legal status as a security and/or derivative or the assessment conducted by the Filer described in representations 14 and 18 above to change.
- 20. The Filer acknowledges that any determination made by the Filer as set out in representations 14 to 19 of this Decision does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that a client may enter into a Crypto Contract to buy, sell, stake and hold is a security and/or derivative.
- 21. The Filer has established and will apply policies and procedures to promptly halt the trading of any Crypto Asset available on its Platform and to allow clients to liquidate their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on its Platform.

*Account Opening and Risk Disclosure*

- 22. Subject to the Filer determining that it is appropriate for an account to be opened, the Filer currently makes the Platform available to any person or company who is resident in Canada, and if a person, has reached the age of majority in the jurisdiction in which they are resident and has the legal capacity to open an account.

23. Clients open an account on the Platform via the Website or the App. The Filer's client onboarding process includes the successful completion of "know your client" (KYC) procedures which satisfy AML laws in Canada and relevant FINTRAC guidelines and requirements.
24. The Filer does not provide recommendations or advice to clients or conduct a trade-by-trade suitability determination for clients, but will perform product assessments pursuant to the KYP Policy and, for clients other than Coinbase Prime Clients, account appropriateness assessments taking into account the following factors (the **Account Appropriateness Factors**):
  - (a) the client's experience and knowledge in investing in crypto assets;
  - (b) the client's financial circumstances;
  - (c) the client's risk tolerance; and
  - (d) the Crypto Assets, which are approved to be made available to a client by entering into Crypto Contracts on the Platform.
25. The Filer has adopted and will apply policies and procedures to conduct an assessment to establish appropriate limits on the losses that a client that is not a permitted client or a Registered CTP can incur and what limits will apply to such client based on the Account Appropriateness Factors (the **Client Limit**), and what steps the Filer will take when the client approaches or exceeds their Client Limit. This assessment of the Client Limit takes into consideration the Account Appropriateness Factors. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limits.
26. The Account Appropriateness Factors will be used by the Filer to evaluate whether entering into Crypto Contracts with the Filer is appropriate for a prospective client, other than a Coinbase Prime Client.
27. After completion of the account appropriateness assessment, a prospective client will receive appropriate messaging about using the Platform to enter into Crypto Contracts, which, in the circumstances where the Filer has evaluated that doing so is not appropriate for the prospective client, will include prominent messaging to the prospective client that this is the case and that the client will not be permitted to open an account for the purposes of entering into Crypto Contracts.
28. Additionally, the Filer will monitor the accounts after opening to identify activity inconsistent with the client's account, KYP Policy and account appropriateness assessment. If warranted, the client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about their activity. The Filer will monitor compliance with the Client Limits established in representation 25. If warranted, the client will receive a warning when their account is approaching its Client Limit, which will include information on steps the client may take to prevent the client from incurring further losses.

29. As part of the account opening process for clients:

- (a) the Filer will collect KYC information to verify the identity of the client;
- (b) the Filer will provide a prospective client with a separate statement of risks (the **Risk Statement**) that clearly explains the following in plain language:
  - (i) the Crypto Contracts;
  - (ii) the risks associated with the Crypto Contracts;
  - (iii) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;
  - (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence performed by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities and derivatives legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;
  - (v) that the Filer has prepared a plain language description of each Crypto Asset and of the risks of the Crypto Assets made available through the Platform, with instructions as to where on the Platform the client may obtain the descriptions (each, a **Crypto Asset Statement**);
  - (vi) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to clients holding such a Crypto Asset, any notification periods and any risks to clients;
  - (vii) the location and the manner in which Crypto Assets are held for the client, and the risks and benefits to the client of the Crypto Assets being held in that location and in that manner, including the impact of insolvency of the Filer or the Acceptable Third-party Custodian;
  - (viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the client arising from the Filer having access to the Crypto Assets in that manner;
  - (ix) that the Filer is not a member of CIPF and the Crypto Contracts and Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection;

- (x) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
  - (xi) the date on which the information was last updated.
- (c) the Filer will require clients, other than Coinbase Prime Clients, to agree to the Filer's user agreement, which is publicly available on the Filer's website, and wherein it will require and/or disclose (either directly in the Filer's user agreement or in other agreements or webpages incorporated therein by reference):
- (i) access criteria (including how access is granted, denied, suspended or terminated and whether there are differences between clients in access and trading) and that access to the Platform may be interrupted under certain circumstances, including for service or during times of significant volatility or volume;
  - (ii) procedures for funding buys and for withdrawing funds held by a client in its account with the Platform;
  - (iii) the various fees charged to a client of the Platform;
  - (iv) how orders are entered, handled and interact, including
    1. the circumstances where orders trade with the Filer acting as principal, including any compensation provided; and
    2. where entered into the order book, the types of order and how orders are matched and executed;
  - (v) access arrangements with third-party services provider, if any;
  - (vi) that a client must comply with restrictions relating to its use of the Platform, including complying with the Trading Requirements (as defined below) and applicable securities laws (any violation of these requirements, a **Prohibited Use**);
  - (vii) that the potential consequences for a client's Prohibited Use may include:
    1. withdrawing the client's right to make any further trades on the Platform,
    2. requiring the client to liquidate its Crypto Asset holdings on the Platform in an orderly fashion,

3. when all Crypto Assets have been sold, requiring that the client provide the Filer with wire transfer instructions (to a Canadian financial institution) so that the Filer can return its funds and close its account, and
    4. reporting the client's trading activity to relevant securities and law enforcement authorities;
  - (viii) the Filer's conflicts policies and procedures;
  - (ix) if applicable, the Filer's referral arrangements disclosure (unless included in the Filer's conflicts policies and procedures).
30. In order for a prospective client to open and operate an account with the Filer, the Filer will deliver the Risk Statement to the client and, for a prospective client other than a Coinbase Prime Client, the Filer will obtain an electronic acknowledgment from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgement by a prospective client other than a Coinbase Prime Client will be prominent and separate from other acknowledgements provided by the prospective client as part of the account opening process.
  31. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.
  32. The Filer has policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, Crypto Assets generally, a specific Crypto Asset, or the staking of Crypto Assets generally or of a Stakeable Crypto Asset, as the case may be. In the event the Risk Statement is updated, existing clients of the Filer will be promptly notified and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing clients of the Filer will be promptly notified through in-App and website disclosures, with links provided to the updated Crypto Asset Statement.
  33. For clients, other than Coinbase Prime Clients, with pre-existing accounts with the Filer at the time of this Decision, the Filer will deliver to the client the Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement at the earlier of (i) before placing their next trade or deposit of Crypto Assets on the Platform and (ii) the next time they log in to their account with the Filer. The Risk Statement must be prominent and separate from other disclosures given to the client at that time, and the acknowledgement must be separate from other acknowledgements by the client at that time.
  34. Before a client, other than a Coinbase Prime Client, enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or App. Although Coinbase Prime Clients will not be provided with links to the Crypto Asset Statement, they may access the statements on the Website.

35. Each Crypto Asset Statement will include in plain language the following:
- (a) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed any Crypto Contract or Crypto Asset made available through the Platform,
  - (b) a description of the Crypto Asset, including the background of the team that created the Crypto Asset, if applicable,
  - (c) a description of the due diligence performed by the Filer with respect to the Crypto Asset,
  - (d) any risks specific to the Crypto Asset,
  - (e) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and the Crypto Assets made available through the Platform,
  - (f) a statement that the statutory rights in section 130.1 of the Act and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision, and
  - (g) the date on which the information was last updated.
36. The Filer will also periodically prepare and make available to its clients (through the website or the App) educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

#### *The Marketplace*

37. The Platform brings together buyers and sellers of Crypto Assets using established, non-discretionary methods under which orders interact with each other, and the buyers and sellers agree to the terms of the trade. In certain Applicable Jurisdictions, the Platform constitutes an ATS under applicable securities legislation while in others, it constitutes an exchange under applicable securities legislation and the Filer will seek an exemption from the obligation to be recognized as an exchange in Applicable Jurisdictions.
38. All transactions entered into by clients to buy, sell or stake Crypto Assets are placed with the Filer by clients through the Website or the App. Subject to downtime, clients are able to submit buy and sell orders or stake Crypto Assets 24 hours a day, 7 days a week.
39. Subject to the applicable policies and procedures discussed herein, clients can open an account with the Filer to access the Platform. Clients have digital wallets or accounts where they can hold, send and receive Crypto Assets. Clients can also link their bank accounts and debit/credit cards to their account to allow for holding, sending and receiving of fiat currency to/from their account.

40. Clients fund their accounts with fiat currency or Crypto Assets, then elect a Crypto Asset and amount they wish to trade.
41. Each transaction a client undertakes on the Platform results in a bilateral contract between the client and the Filer.
42. Clients receive confirmation via their user interface of the time, amount filled and volume for each trade.
43. An internal ledger of the Filer (the **Ledger**) records all of the transactions executed via the Platform. In order for a client to place an order, their account must be pre-funded with the applicable asset (fiat currency or Crypto Asset). When a client's order is executed through the Platform, the Ledger is updated in real-time. Because all assets are already verified as being available from both the buyer and the seller prior to order entry, all Crypto Contracts are settled as between the Filer and each client immediately after the order is filled. Execution occurs on the Platform and settlement is immediate and recorded in the Ledger.
44. On a daily basis, a net fiat currency settlement amount between the Filer and Coinbase, Inc. is obtained from the Ledger and settled. Occasionally at treasury's discretion, a daily fiat settlement may not be performed if the net fiat settlement amount is not material. In these instances, the Filer's fiat settlements are funded from corporate operating funds until the next fiat settlement occurs.
45. At least once a day, for each Crypto Asset offered on the Platform, a net settlement amount between the Filer and Coinbase, Inc. is obtained from the Ledger per Crypto Asset and settled via transfer of the relevant Crypto Assets to ensure that the Filer holds the correct amount of Crypto Assets in trust for its clients (other than Coinbase Prime clients) as described under "Custody of Crypto Assets" below.
46. Clients are permitted to deposit Crypto Assets acquired outside the Platform into their accounts with the Filer. Crypto Assets deposited by clients other than Coinbase Prime Clients will be held by the Filer in trust for its clients as described under "Custody of Crypto Assets" below. Clients also have the right to obtain delivery of Crypto Assets to which they have an interest in pursuant to their Crypto Contracts with the Filer by requesting that the Filer deliver the Crypto Assets to the client.
47. Clients can transfer fiat currency to or withdraw fiat currency from their account by electronic funds transfer. Coinbase Prime Clients may also transfer fiat currency to or withdraw fiat currency from their account by wire transfer.
48. The Filer is compensated by clients through trading fees (which may include a spread as described below), funding fees for certain methods of funding an account, and custodial fees at rates disclosed on the Platform and incorporated by reference into the user agreement or, for Coinbase Prime Clients, at rates disclosed in the Coinbase Prime Brokerage Agreement.
49. The Filer and Coinbase do not, and will not extend margin, credit or otherwise offer leverage to clients in Canada and will not offer derivatives based on Crypto Assets other



than Crypto Contracts. The Filer will not knowingly allow clients to enter into Crypto Contracts on the Platform that would result in a “short position” with respect to any Crypto Assets.

50. The Filer will send electronic trade confirmations and monthly statements setting out the details of their transaction history in their account with the Filer. Clients will also be able to view records of all of their transactions (i.e., trades, deposits and withdrawals of both fiat and Crypto Assets) which are continuously available to them via the Platform and may be downloaded by them at any time.
51. The Platform has three separate product offerings in Canada: (i) Simple Trade, (ii) Advanced Trade; and (iii) Coinbase Prime. Each product has different characteristics to cater to diverse user needs. An overview of each product is set out below.

#### *Simple Trade*

52. Simple Trade users can buy or sell, through the Filer, Crypto Assets at a quoted price without having to interact directly with Coinbase’s central limit order book (the **CB Orderbook**). When a client initiates a request to buy or sell a Crypto Asset via Simple Trade, the Filer provides the client with a firm quote, which the client can then reject or accept. Accordingly, all orders on Simple Trade are “fill or kill” orders, meaning that each order is either entirely filled immediately upon acceptance by the client or it is canceled. Upon the client’s acceptance of an order, the Filer enters into a corresponding “hedging” transaction on the CB Orderbook, in such a way that market risk throughout the execution of the transaction is de minimis, with both the client transaction and the hedge transaction executed simultaneously.
53. The client-initiated transaction and the corresponding “hedging” transaction are almost never concluded at the same price; rather, in almost all cases, the Filer will fill a buy order from a customer only if the Filer is able to simultaneously fill its own buy order on the CB Orderbook at a price that is the same or lower than the price quoted to the client (and vice versa for sell orders from clients). Consequently, the Filer earns a “spread” (i.e., the difference between the price quoted to the client and the price at which the Filer itself enters an order to “hedge”) in addition to any fee or other charge for the transaction.
54. Upon execution, there is no movement of Crypto Assets from one wallet to another on a blockchain. Rather, the Ledger is updated to reflect the change in the relevant ownership of Crypto Assets and fiat currency, and the client can immediately see the new balances of Crypto Assets and/or fiat currency in their account.
55. The Filer charges fees on each Crypto Asset trade executed via Simple Trade. Fees are calculated at the time the client places the order and include a spread, which is built into the quoted price. Including a spread in the price of the Crypto Asset allows the Platform to temporarily lock in a price for trade execution while clients review the transaction details prior to accepting the pending order. Fees are listed in the trade preview screen before a client submits the transaction, so the client has full visibility into the total cost of their transaction.



56. A detailed confirmation is provided to the client by the Filer following the execution of each order.

#### *Advanced Trade*

57. The Advanced Trade product offering provides clients with more advanced trading tools than Simple Trade (such as candlestick charting and direct access to real-time prices for each trading pair on the CB Orderbook) and improved order flows to make it easier for clients to place advanced order types (market orders, limit and stop limit orders). Clients can toggle between Simple Trade and Advanced Trade directly in the App or on the Website.
58. Clients using Advanced Trade can interact, through the Filer, directly with the applicable CB Orderbook for each trading pair. Clients have the ability to place maker and taker orders or to market buy or sell a particular Crypto Asset in exchange for another Crypto Asset or fiat currency. The Filer executes Advanced Trade orders on an agency basis on behalf of clients. Advanced Trade clients pay a percentage-based fee on each maker and taker trade (which depends on that client's trading volume). Advanced Trade orders may be partially filled. Advanced Trade clients do not pay a spread, as they are interacting, through the Filer as agent, directly with the CB Orderbook for each trading pair, so the Filer does not guarantee a particular price.

#### *Coinbase Prime*

59. The Coinbase Prime product offering is available in Canada to clients of the Filer that are permitted clients or Registered CTPs and are trading for a business or commercial purpose.
60. Coinbase Prime is a trading service that is intended to facilitate the efficient execution of large volume Crypto Asset orders. Through this trading service, buy and sell orders of Coinbase Prime Clients are routed by the Filer to multiple trading venues, including the Platform, third party crypto asset trading platforms and over-the-counter Crypto Asset dealers (**Connected Trading Venues**) by using automated trading routing technology to scan the market for the best available execution.
61. The Filer submits the orders of Coinbase Prime Clients to the Connected Trading Venues as agent for the client.
62. Coinbase Prime Clients receive trade execution, marketplace, settlement and clearing services from the Filer. In addition, Coinbase Prime Client may enter into a custody agreement directly with Coinbase Custody or Coinbase Custody International, pursuant to which Coinbase Custody (or Coinbase Custody International) holds Crypto Assets on behalf of the Coinbase Prime Client: (i) in an account clearly designated for the benefit of the Coinbase Prime Client and in trust for the Coinbase Prime Client; (ii) separate and apart from the assets of all other clients; and (iii) separate and apart from its own assets. Coinbase Custody and Coinbase Custody International are not permitted to and do not pledge, re-hypothecate or otherwise use any Crypto Assets held on behalf of Coinbase Prime clients.
63. The Coinbase Prime Brokerage Agreement provides that the Filer may hold trading balances on behalf of Coinbase Prime Clients in omnibus accounts with various Connected

Trading Venues, including Crypto Asset and fiat trading balances (**Trading Balances**). These omnibus accounts may include the trading balances of users of the Coinbase Prime trading service in jurisdictions outside of Canada.

64. Coinbase Prime Clients can monitor their Trading Balances and the Crypto Asset balances held in their custody accounts with Coinbase Custody or Coinbase Custody International (**Vault Balances**) in real time through their user interface on the Platform. Coinbase Prime Clients can provide instructions for the movement of assets between their Trading Balances and Vault Balances.
65. When submitting an order for execution using the Coinbase Prime service, the full amount of Crypto Assets or fiat that is required to fund the order must be held in the client's Trading Balance.
66. Clients open a Coinbase Prime Account on the Platform via the Website or the App. The Filer's onboarding process for Coinbase Prime Clients includes the successful completion of KYC procedures which satisfy AML laws in Canada and relevant FINTRAC guidelines and requirements.
67. The Filer does not provide recommendations or advice to Coinbase Prime Clients or conduct a trade-by-trade suitability determination for clients. As part of the account opening process, the Filer confirms the following for each Coinbase Prime Client:
  - (a) eligibility as a permitted client or Registered CTP;
  - (b) acceptance of the terms of the Coinbase Prime Brokerage Agreement; and
  - (c) acknowledgement that the custodial protections applicable to client assets held by the Filer on the Platform do not apply to assets of clients held in Coinbase Prime Accounts.
68. Coinbase Prime Clients enter into the Coinbase Prime Brokerage Agreement with the Filer, which includes provisions relating to:
  - (a) procedures for funding buys and for withdrawing funds held by a client in its Coinbase Prime Account;
  - (b) the various fees charged to a Coinbase Prime Client, including trading fees and custody fees;
  - (c) how orders are entered, handled and interact, including
    - (i) the circumstances where orders trade with the Filer acting as principal, including any compensation provided;
    - (ii) the circumstances where orders are routed by the Filer as agent for execution on a Venue, which may include the Coinbase CB Orderbook;

- (d) that the service may be interrupted under certain circumstances;
- (e) access arrangements with Coinbase Custody and any third-party service provider, if applicable;
- (f) that a client must comply with restrictions relating to its use of the Coinbase Prime Account, including that it is for commercial or business purposes only, and that it may not be used for personal, family or household purposes or to engage in unlawful activity, abusive activity or fraud; and
- (g) description of the actual or potential conflicts of interest that Coinbase may have in connection with providing the Coinbase Prime trading service.

*Fair Access*

69. The Filer has established and applies written standards for access to Simple Trade and Advanced Trade on the Platform and related services, as described in representations 22 to 24, and has established and maintains and ensures compliance with policies and procedures to ensure clients are onboarded to the Platform and related services in accordance with those written standards.

*Market Integrity*

70. The Filer has taken reasonable steps to ensure that it operates a fair and orderly marketplace for Crypto Contracts, including the establishment of price and volume thresholds for orders entered on the Platform.
71. The Filer does not expect trading on the Platform to have a material impact on the global market for any Crypto Asset available through the Platform.
72. The Filer does not provide a client with access to the Platform unless it has the ability to terminate all or a portion of a client's access, if required.
73. The Filer has the ability to cancel, vary or correct trades and makes public, fair and appropriate policies governing the cancellation, variation or correction of trades on the Platform, including in relation to trades where the Filer acting as principal was a counterparty to the trade.
74. The Filer has established, maintains and ensures compliance with policies and procedures and maintains staff knowledge and expertise, and systems to monitor for and investigate potential instances of trading on the Platform that does not comply with applicable securities legislation (including prohibitions against market manipulation, insider trading and other abusive trading prohibitions) or any trading requirements set out in the user agreement, and has appropriate provisions and mechanisms for escalation of identified issues of non-compliance, including referral to the applicable securities regulatory authority where appropriate, to allow the Filer to take any resulting action considered appropriate to promote a fair and orderly market and address potential breaches of applicable securities legislation relating to trading on the Platform, which may include halting trading or limiting a client's activities on the Platform.

75. The policies and procedures referred to in the preceding paragraph include policies and procedures to track, review and take appropriate action in the context of complaints and reports from clients of potential instances of abusive trading on the Platform.
76. The Filer currently conducts surveillance of the Platform, which includes both automated and manual processes, for detecting abusive trading (including wash trading) and fraudulent activity. The Filer anticipates continuing development of its market surveillance software after becoming registered as a restricted dealer and resuming discussions with CRO.

*Transparency of Operations and of Order and Trade Information*

77. The Filer discloses information reasonably necessary to enable a person or company to understand the marketplace operations or services, including:
  - (a) access criteria, including how access is granted, denied, suspended, or terminated and whether there are differences between clients in access and trading;
  - (b) risks related to the operation of and trading on the Platform, including loss and cyber-risk;
  - (c) hours of trading;
  - (d) all fees and any compensation provided to the Filer or any affiliate, including foreign exchange rates, spreads etc.,
  - (e) how orders are entered, handled and interact including:
    - (i) the circumstances where orders trade with the Filer or an affiliate acting as principal or liquidity provider, including any compensation provided;
    - (ii) where entered into the order book, the types of orders, and how orders are matched and executed;
  - (f) policies and procedures relating to error trades, cancellations, modifications and dispute resolution;
  - (g) a list of all Crypto Assets and products available for trading on the Platform, along with the associated Crypto Asset Statements;
  - (h) conflicts of interest and the policies and procedures to manage or avoid them;
  - (i) the process for payment and settlement of transactions;
  - (j) how the Filer safeguards client assets, including the extent to which the Filer self-custodies client assets, along with the identity of any third-party custodians relied on by the platform to hold client assets;
  - (k) access arrangements with a third-party services provider, if any; and

- (l) requirements governing trading, including prevention of manipulation and other market abuse.
78. The Filer provides for an appropriate level of transparency regarding the orders and trades on the Platform, including that:
- (a) The Filer displays on its website a Canadian dollar price chart for each Crypto Asset traded on which members of the public can view historic pricing information (primarily from <https://coinmarketcap.com>) over a one hour, one day, one week, one month, one year, and all-time period; and
  - (b) Clients using Advanced Trade can view the order book live on the Platform and generate queries to get executed trade history to assist them in making informed investment and trading decisions. Clients can also generate these queries against their Advanced Trade history and between two prescribed date periods.

*Confidentiality of Clients' Order and Trade Information*

79. The Filer maintains policies and procedures to safeguard the confidentiality of client information, including information relating to their trading activities, including within Coinbase Prime Accounts.
80. The Filer establishes, maintains and applies policies and procedures relating to confidentiality, information containment and the supervision of trading in Crypto Contracts and Crypto Assets by individuals acting on behalf of the Filer and to maintain material, non-public information about Crypto Contracts and Crypto Assets in confidence.

*Books and Records*

81. The Filer keeps books and records and other documents to accurately record its business activities, financial affairs and client transactions, and to demonstrate the Filer's compliance with applicable requirements of securities legislation, including but not limited to:
- (a) a record of all prospective clients granted or denied access to the Platform;
  - (b) a record of all prospective clients granted or denied a Coinbase Prime Account;
  - (c) daily trading summaries of all Crypto Assets traded, with transaction volumes and values; and
  - (d) records of all orders and trades, including the price, volume, times when the orders are entered, matched, cancelled or rejected, and the identifier of the client that entered the order or that was counterparty to the trade.

*Internal Controls over Order Entry and Execution*

82. The Filer maintains effective internal controls over systems that support order entry and execution, including that the Filer:

- (a) has effective controls for system operations, information security, change management, problem management, network support and system software support;
  - (b) has effective security controls to prevent, detect and respond to security threats and cyber-attack on its systems that support trading and settlement services;
  - (c) has effective business continuity and disaster recovery plans;
  - (d) in accordance with prudent business practice, and on a reasonably frequent basis (at least annually):
    - (i) makes reasonable current and future systems capacity estimates;
    - (ii) conducts capacity stress tests to determine the ability of its order entry and execution systems to process transactions in an accurate, timely and efficient manner;
    - (iii) tests its business continuity and disaster recovery plans, and
    - (iv) reviews system vulnerability and its cloud-hosted environment to mitigate internal and external cyber threats; and
  - (e) continuously monitors and maintains internal controls over its systems.
83. The Filer has established and will maintain and apply effective policies and procedures to prevent fraud and market manipulation in connection with the Platform, including through policies and procedures to monitor for and investigate potential instances of abusive trading and/or fraud. Certain features of the Platform also help to limit the opportunities for fraud or market manipulation. These features include:
- (a) limiting the use of the Platform to approved clients;
  - (b) only allowing orders to be entered by authorized users;
  - (c) using the pricing mechanics described above to price trades via the matching engine; and
  - (d) prohibiting the crossing of trades between accounts of the same client.
84. The Filer has also established and maintains, and Coinbase has agreed to establish and maintain, policies that:
- (a) address and escalate complaints, that govern the cancellation, variation and correction of trades executed through Coinbase and the Platform; and that
  - (b) address the maintenance of books, records and other documents relating to the transactions executed by the Filer, including, but not limited to:

- (i) records of all orders and trades, including the product, quotes, executed price, volume, time when the order is entered, matched, canceled or rejected, and
  - (ii) the identifier of the authorized user that entered the order.
- 85. The Filer has, and Coinbase has agreed to have, risk management policies and procedures and internal controls in place to minimize the risk that clearing and settlement of trades will not take place according to the Filer's rules, policies and procedures. These policies and procedures address, and mitigate, counterparty risk by, among other things, establishing an approval process for counterparties, establishing risk limits per counterparty and addressing the potential for counterparty default.
- 86. Conflicts of interest between clients are identified and addressed by the system itself because the Platform does not permit for any level of differentiation between clients other than Coinbase Prime Clients. This means that all of the Filer's clients (including the Filer's affiliates that use the Platform) are treated the same when using the Simple Trade and Advanced Trade products. Clients can choose whether to trade on a transaction fee-based model or a subscription fee-based model. Clients will be treated the same as all other clients who opt for the same fee model. Further, the Filer will charge its affiliates fees on the same basis as it charges other clients, and all fees are transparent to the client. The Filer and the Filer's affiliates also do not trade against the Filer's clients through the Platform for speculative purposes.
- 87. The Filer has established and maintains and ensures compliance with policies and procedures that:
  - (a) identify and manage or avoid conflicts of interest arising from the operation of the Platform and the related services it provides, including conflicts between the interests of its owners, its commercial interests, and the responsibilities and sound functioning of the Platform and related services.
  - (b) are designed to identify and manage or avoid conflicts of interest that arise from the trading activities on the Platform of the Filer or its affiliates as principal.
  - (c) include an appropriate level of disclosure of the specific conflicts to clients against whom the Filer or its affiliates may trade, and the circumstances in which conflicts may arise. This disclosure is included in the user agreement and other disclosures made to clients that specifically address conflicts of interest.
- 88. The Filer and Coinbase, Inc. have policies and procedures and internal controls in place to identify and prevent fraudulent transactions. These policies and procedures:
  - (a) ensure the Filer and Coinbase, Inc. are complying with:
    - (i) sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control

- (ii) other applicable sanctions laws and regulations in the jurisdictions in which Coinbase operates, including:
  - 1. the *United Nations Act* (Canada),
  - 2. the *Special Economic Measures Act* (Canada), and
  - 3. the *Justice for Victims of Corrupt Foreign Officials Act* (Canada).
- (b) identify and prohibit users from engaging in activity with designated individuals and entities, such as terrorists and narcotics traffickers, as well as some countries, which have been specially designated by applicable government and regulatory agencies.
- (c) Along with internal controls, ensure compliance with anti-money laundering and terrorist financing legislation and regulations in the jurisdictions in which Coinbase operates (including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada)). Money laundering and terrorist financing refers to the use of the financial system to disguise proceeds of illicit activity, like funding the financial support of terrorism. The United States and international regulators have issued requirements to prevent, detect, and report activity indicative of money laundering and terrorist financing.

#### *Marketplace Operations*

- 89. In certain Jurisdictions, the Platform is a “marketplace” as that term is defined in NI 21-101 and in Ontario, subsection 1(1) of the Act. Because Canadian clients can only access the Platform as clients of the Filer, the Filer is considered to be operating the Platform in Canada.
- 90. The Filer will file within 120 days of the decision date with the Principal Regulator completed exhibits to the Form 21-101F2 *Information Statement Alternative Trading System* for each of the following:
  - (a) Exhibit E – Operations of the Marketplace;
  - (b) Exhibit F – Outsourcing;
  - (c) Exhibit G – Systems and Contingency Planning;
  - (d) Exhibit H – Custody of Assets;
  - (e) Exhibit I – Securities;
  - (f) Exhibit J – Access to Services; and
  - (g) Exhibit L – Fees.



*Clearing and Settlement*

91. In Ontario, the Filer will not operate a "clearing agency" or a "clearing house" as the terms are defined or referred to in securities or commodities futures legislation.
92. After a trade has been executed on behalf of a client by the Filer, the client's account on the Platform is immediately debited by the amount of the fiat or Crypto Asset sold, and credited by the amount of the fiat or Crypto Asset purchased by the client (less any fees) on a delivery versus payment basis. This settlement process may occur between two client accounts on the Platform, or between one client account on the Platform and a client account in another jurisdiction operated by a Coinbase affiliate. Upon completion of this settlement process, the updated balances in the accounts on both sides of the trade are available to the respective clients.
93. As described above in representation 43, all Crypto Contracts are settled as between the Filer and each client immediately after the order is filled. Execution occurs on the Platform and settlement is immediate and recorded in the Ledger.
94. The Filer has risk management controls in place to minimize the risk that clearing and settlement of trades will not take place according to the Filer's rules, policies and procedures. Importantly, all Crypto Assets and fiat currency which underlie the Crypto Contracts traded by the Filer's clients using Simple Trade or Advance Trade are in the custody and control of Coinbase Custody, Coinbase, Inc., the Filer's cash custodians or the Filer at all times.

*Custody of Crypto Assets*

95. The Filer has established accounting practices, internal controls and safekeeping and segregation procedures intended to protect clients' assets.
96. The Filer will hold Crypto Assets for all clients other than Coinbase Prime Clients (i) in an account clearly designated for the benefit of the Filer's clients or in trust for clients with Coinbase Custody, (ii) separate and apart from the assets of non-Canadian clients; and (iii) separate and apart from its own assets and from the assets of any custodial service provider. The Filer is not permitted to and does not pledge, re-hypothecate or otherwise use any Crypto Assets held on behalf of its clients.
97. The Filer has and will retain the services of Coinbase Custody to hold Crypto Assets in a designated trust account in the name of the Filer for the benefit of the Filer's clients, other than Coinbase Prime Clients. As described above in paragraph 62, Coinbase Prime Clients may retain the services of Coinbase Custody or Coinbase Custody International directly to hold Crypto Assets in a designated account in the Coinbase Prime Client's own name.
98. Coinbase Custody currently provides custodial services to Coinbase Prime Clients and will provide custodial services to the Filer via offline cold storage wallets. Coinbase Custody International currently provides custodial services to some Coinbase Prime Clients.
99. Coinbase Custody is a New York limited liability trust company chartered under the New York Banking Law and supervised by the New York State Department of Financial Services. Coinbase Custody is a foreign custodian.

100. Coinbase Custody has undergone a SOC 1 Type 2 examination, which evaluates the design and implementation of financial operations and reporting controls and a SOC 2 Type 2 examination, which evaluates the design and implementation of security, availability, and confidentiality controls. The Filer has reviewed such reports and has not identified any material concerns.
101. Under the intercompany custody agreement between Coinbase Custody and the Filer (the **Custody Agreement**), Coinbase Custody's personnel only perform services at the Filer's instructions. Coinbase, Inc. and Coinbase Global Inc. are not parties to the Custody Agreement and therefore, cannot be instructed to move the Filer's client assets stored in Coinbase Custody. Access to servers, databases, data and systems of Coinbase Custody's custody function in relation to any transfer or withdrawal of the Filer's client assets is strictly limited to personnel acting on behalf of Coinbase Custody.
102. The Filer will designate Authorized Representatives, who will be members of its personnel, as authorized to give instructions under the Custody Agreement. Such authorized individuals have appropriate authority, sophistication, expertise, and knowledge to understand the nature and risks, and make informed decisions, in respect of the custody services provided by Coinbase Custody.
103. Coinbase Global Inc., the parent company of the Filer and Coinbase Custody, maintains US\$235 million of insurance (per incident and overall) which covers losses of assets held by the Filer and Coinbase Custody on behalf of its clients, including the Filer as client of Coinbase Custody, due to third-party hacks, copying or theft of private cryptographic keys, insider theft or dishonest acts by the Filer's employees or executives, Coinbase Custody employees or executives, and loss of cryptographic keys. The insurance policy is a global policy that benefits other entities in the Coinbase Global, Inc. group of companies. The Filer has assessed the insurance policies and has determined, based on information that is publicly available and on information provided by Coinbase Custody and considering the scope of Coinbase Custody's business, that the amount of insurance is appropriate.
104. The insurance policy is a global policy that benefits other subsidiaries, both direct and indirect, of Coinbase Global, Inc.
105. Coinbase Custody has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to protect, detect, and mitigate security breaches and cyber incidents. Coinbase Custody has established and applies written disaster recovery and business continuity plans.
106. Coinbase Custody has its own board of managers, officers, and employees separate from those of the Filer. The board's audit committee and compliance committee are independent directors and are not employed by or otherwise involved in the management of any other Coinbase entity. Coinbase Custody has its own policies and procedures with respect to capital and liquidity management and asset support. Coinbase Custody obtains various services from its affiliates under intercompany agreements. Access to the private keys in

Coinbase Custody's custody is limited to personnel working on behalf of Coinbase Custody.

107. The Filer has conducted due diligence on Coinbase Custody. The Filer has assessed the risks and benefits of using Coinbase Custody and has determined that in comparison to a Canadian custodian, it is more beneficial to use Coinbase Custody, a U.S. custodian, to hold client assets than using a Canadian custodian. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure Coinbase Custody's records related to Crypto Assets that Coinbase Custody holds for clients of the Filer are accurate and complete. The Filer has determined that Coinbase Custody is not liable for any material financial obligations of the Filer or any affiliate of the Filer.
108. Where the Filer holds Crypto Assets for operational purposes when providing services to clients other than Coinbase Prime Clients, it does so in trust for the benefit of its clients and separate and distinct from the assets held for its clients.
109. The Filer is proficient and experienced in holding Crypto Assets and has established and applies policies and procedures that manage and mitigate custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets. The Filer also maintains appropriate policies and procedures related to IT security, cyber-resilience, disaster recovery capabilities, and business continuity plans.

#### *Staking Services*

110. The Filer also offers Staking Services to its clients, other than Coinbase Prime Clients, resident in each of the provinces and territories of Canada by which the Filer arranges to stake Crypto Assets and earn staking rewards for participating clients. Additionally, Coinbase Custody and Coinbase Custody International may offer Staking Services to Coinbase Prime Clients.
111. The Filer offers clients the Staking Services only for (i) Crypto Assets of blockchains that use a proof-of-stake consensus mechanism, and (ii) the staked Crypto Assets that are used to guarantee the legitimacy of new transactions the Validator adds to the blockchain (**Stakeable Crypto Assets**).
112. The Filer is proficient and knowledgeable about staking Stakeable Crypto Assets.
113. The Filer itself does not act as a Validator. The Filer has entered into written agreements with certain of its custodians and/or with third party Validators to provide services in respect of staking Stakeable Crypto Assets. These custodians and Validators are proficient and experienced in staking Stakeable Crypto Assets.
114. Before engaging a Validator, the Filer conducts due diligence on the Validator, with consideration to the Validator's management, infrastructure and internal control documentation, security measures and procedures, reputation of operating nodes, use by others, measure taken to operate nodes securely and reliably, the amount of Crypto Assets staked by the Validator on its own nodes, quality of work, including any slashing incidents or penalties, financial status and insurance, and registration, licensing or other compliance

measures under applicable laws, particularly securities laws. Where the Filer engages a custodian to provide Staking Services, the Filer conducts due diligence on how the custodian provides the staking services and selects the Validators.

115. The Filer currently offers the Staking Services in respect of the Ethereum, Solana, Tezos, Polkadot, Cosmos and Cardano blockchains. The Filer may offer the Staking Services in respect of other Stakeable Crypto Assets in the future.
116. The Filer, as part of its KYP Policy, reviews the Stakeable Crypto Assets made available to clients for staking and staking protocols related to those Stakeable Crypto Assets prior to offering those Stakeable Crypto Assets as part of the Staking Services. The Filer's review includes the following:
  - (a) the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (b) the operation of the proof-of-stake blockchain for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (c) the staking protocols for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (d) the risks of loss of the staked Stakeable Crypto Assets, including from software bugs and hacks of the protocol;
  - (e) the Validators engaged by the Filer or the Filer's custodians, including, but not limited to, information about:
    - (i) the persons or entities that manage and direct the operations of the Validator;
    - (ii) the Validator's reputation and use by others;
    - (iii) the amount of Crypto Assets the Validator has staked on its own nodes;
    - (iv) the measures in place by the Validator to operate the nodes securely and reliably;
    - (v) the financial status of the Validator;
    - (vi) the performance history of the Validator, including but not limited to the amount of downtime of the Validator, past history of "double-signing" and "double attestation/voting";
    - (vii) any losses of Stakeable Crypto Assets related to the Validator's actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the Validator; and

- (viii) any guarantees offered by the Validator against losses including losses resulting from slashing or other penalties and any insurance obtained by the Validator that may cover this risk.
117. The Filer, as part of its account appropriateness assessment, evaluates whether offering the Staking Services is appropriate for a client before providing access to an account that makes available the Staking Services and, on an ongoing basis, at least once in each 12-month period.
  118. If, after completion of an account appropriateness assessment, the Filer determines that providing the Staking Services is not appropriate for the client, the Filer will include prominent messaging to the client that this is the case and the Filer will not make the Staking Services available to the client.
  119. The Filer only stake the Stakeable Crypto Assets of those clients who have agreed to the Staking Services and have allocated Stakeable Crypto Assets to be staked. Where a client no longer wishes to stake all or a portion of the allocated Stakeable Crypto Assets, subject to any Lock-Up Periods (as defined below) or any terms of the Staking Services that permit the client to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-Up Periods, the Filer ceases to stake those Stakeable Crypto Assets.
  120. Before the first time a client allocates any Stakeable Crypto Assets to be staked, the Filer delivers to the client the Risk Statement that includes the risks with respect to staking and the Staking Services described in representation 122, and requires the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
  121. The Filer clearly explains in the Risk Statement the risks with respect to staking and the Staking Services in plain language, which includes:
    - (a) the details of the Staking Services and the role of all third parties involved;
    - (b) the due diligence performed by the Filer with respect to the proof-of-stake consensus protocol for each Stakeable Crypto Asset for which the Filer provides the Staking Services;
    - (c) the details of the Validators that will be used for the Staking Services and the due diligence performed by the Filer with respect to the Validators;
    - (d) the details of whether and how the custody of staked Stakeable Crypto Assets differs from Stakeable Crypto Assets held on behalf of the Filer's clients that are not engaged in staking;
    - (e) the general risks related to staking and any risks arising from the arrangements used by the Filer to offer the Staking Services (e.g., reliance on third parties; risk of loss due to technical errors or bugs in the protocol; hacks or theft from the crypto assets being held in hot wallets, etc.) and how any losses will be allocated to clients;

- (f) whether the Filer will reimburse clients for any Stakeable Crypto Assets lost due to slashing or other penalties imposed due to Validator error, action or inactivity or how any losses will be allocated to clients;
  - (g) whether any of the staked Stakeable Crypto Assets are subject to any lock-up, unbonding, unstaking, or similar periods imposed by the Crypto Asset protocol, custodian or Validator, where such Crypto Assets will not be accessible to the client or will be accessible only after payment of additional fees or penalties or forfeiture of any rewards (**Lock-up Periods**); and
  - (h) how rewards are calculated on the staked Stakeable Crypto Assets, including any fees charged by the Filer or any third party, how rewards are paid out to clients, and any associated risks.
122. Immediately before each time that a client allocates Stakeable Crypto Assets to be staked under the Staking Services, the Filer requires the client to acknowledge the risks of staking Stakeable Crypto Assets as may be applicable to the particular Staking Services or each particular Stakeable Crypto Asset. The risks that a client must acknowledge include, but are not limited to:
- (a) that the staked Stakeable Crypto Asset may be subject to a Lock-up Period and, consequently, the client may not be able to sell or withdraw their Stakeable Crypto Asset for a predetermined or unknown period of time, with details of any known period, if applicable;
  - (b) that given the volatility of Crypto Assets, the value of a client's staked Stakeable Crypto Asset when they are able to sell or withdraw, and the value of any Stakeable Crypto Asset earned through staking, may be significantly less than the current value;
  - (c) how rewards will be calculated and paid out to clients and any risks inherent in the calculation and payout of any rewards;
  - (d) that there is no guarantee that the client will receive any rewards on the staked Stakeable Crypto Asset, and that past rewards are not indicative of expected future rewards;
  - (e) whether rewards may be changed at the discretion of the Filer;
  - (f) unless the Filer guarantees any Stakeable Crypto Assets lost to slashing, that the client may lose all or a portion of the client's staked Stakeable Crypto Assets if the Validator does not perform as required by the network;
  - (g) if the Filer offers a guarantee to prevent loss of any Stakeable Crypto Assets arising from the Staking Services, including due to slashing, any limits on that guarantee and requirements for a client to claim under the guarantee; and

- (h) that additional risks can be found in the Risk Statement and Crypto Asset Statement, including the names and other information regarding the Validators and information regarding Lock-up Periods and rewards, with a link to the Risk Statement and Crypto Asset Statement.
- 123. The Staking Services are currently available by using either the Coinbase App or the Coinbase Website.
- 124. To stake Stakeable Crypto Assets, a client may use the App or the Website to instruct the Filer to stake a specified amount of Stakeable Crypto Assets held by the client on the Platform.
- 125. Subject to any Lock-up Periods that may apply, the client may at any time use the App or Website to instruct the Filer to unstake a specified amount of Stakeable Crypto Assets that the client had previously staked.
- 126. The Filer holds the staked Stakeable Crypto Assets in trust for or for the benefit of its clients in one or more omnibus staking wallets in the name of the Filer for the benefit of the Filer's clients with the custodians.
- 127. To stake clients' Stakeable Crypto Assets, the Filer instructs a custodian to transfer Stakeable Crypto Assets to an omnibus staking wallet and to sign a blockchain transaction confirming that assets in that wallet are to be staked with a Validator.
- 128. Similarly, when unstaking Stakeable Crypto Assets, the Filer instructs a custodian to sign a blockchain transaction confirming that assets in a staking wallet are no longer staked. After expiry of any Lock-up Periods that may prevent the assets from being transferred, the Filer instructs the custodian to transfer the unstaked assets from the staking wallet to cold storage wallets holding unstaked Stakeable Crypto Assets.
- 129. The Filer and its custodians remain in possession, custody and control of the staked Stakeable Crypto Assets at all times. At all times, the Filer's custodians continue to hold the private keys or other cryptographic key material required to stake or unstake clients' Stakeable Crypto Assets or to access staking rewards. Custody, possession and control of staked Stakeable Crypto Assets are not transferred to Validators or any other third parties in connection with the Staking Services.
- 130. The Filer has established and applies policies and procedures to address how staking rewards, fees and losses will be calculated and allocated to clients that have staked Stakeable Crypto Assets under the Staking Services.
- 131. Staking rewards are issued periodically and automatically by the blockchain protocol of the Stakeable Crypto Asset and received directly into the staking wallets with the custodians. Other than any "validator commission" that may be received by a Validator under the rules of the blockchain protocol, Validators do not receive or otherwise have control over staking rewards earned by clients.



132. When staking rewards for a Stakeable Crypto Asset are received into staking wallets, the Filer promptly calculates the amount of the staking reward earned by each client using the Staking Services in respect of that asset and credits each client's account accordingly. Staking reward distributions are shown in the Apps and on clients' account statements.
133. The Filer does not promise or guarantee its clients a specific staking reward rate for any Stakeable Crypto Asset. The Filer does not exercise any discretion to change reward rates.
134. The Filer may show in the Apps or website the current estimated reward rate for Stakeable Crypto Assets. This estimated reward rate is based on data derived from the blockchain for the Stakeable Crypto Asset and adjusted for any applicable validator commission or fees payable to the Filer.
135. The Filer charges a fee to clients using Staking Services based on a percentage of the client's staking rewards. The Filer clearly discloses the fees charged by the Filer for the Staking Services and provides a clear calculation of the rewards earned by each client that agrees to the Staking Services.
136. When staking rewards are received into staking wallets in a time period, the Filer promptly calculates the total amount of the fee payable by clients using the Staking Services for that period and transfers an amount of Stakeable Crypto Assets equal to the fee to a separate wallet exclusively holding Crypto Assets belonging to the Filer.
137. Certain proof of stake blockchain protocols impose penalties where a Validator fails to comply with protocol rules. This penalty is often referred to as "slashing" or "jailing". If a Validator is "slashed" or "jailed", a percentage of the tokens staked with that Validator and/or a percentage of staking rewards earned by clients staking to that Validator is permanently lost and/or the Validator will not be selected to participate in transaction validation and any Stakeable Crypto Assets staked with that Validator will not be eligible to earn staking rewards. Accordingly, if a Validator fails to comply with protocol rules, a percentage of Crypto Assets staked or earned by the Filer's clients may be lost (i.e., the balance of the staking wallet will be reduced automatically by the blockchain protocol) and/or the Filer's clients will not earn staking rewards for a period of time.
138. For certain Stakeable Crypto Assets, the Filer may agree to reimburse clients for slashing penalties. The Client's user agreement clearly provides for the circumstances the Filer will provide this reimbursement in respect of a Stakeable Crypto Asset. The availability of any reimbursement, and any conditions or limits on the reimbursement, are also described in the Risk Statement or the relevant Crypto Asset Statement.
139. To mitigate the risk of slashing or jailing to clients, the Filer may, where feasible, arrange to stake Stakeable Crypto Assets across multiple Validators, so that any penalty resulting from the actions or inaction of a specific Validator does not affect all staked Crypto Assets and the Filer can, if appropriate, re-stake with alternative Validators.
140. In addition, the Filer monitors its Validators for, among other things, downtime, jailing and slashing events and takes any appropriate action to protect Stakeable Crypto Assets staked by clients.



### *Capital Requirements*

141. The Filer will exclude from the excess working capital calculation all the Crypto Assets it holds for which there is no offsetting by a corresponding current liability, such as Crypto Assets held for its clients as collateral to guarantee obligations under Crypto Contracts, included on line 1, *Current assets*, of Form 31-103F1. This will result in the exclusion of all the Crypto Assets inventory held by the Filer from Form 31-103F1 (Schedule 1, line 9).

### **Decision**

The Principal Regulator is satisfied that the Decision meets the test set out in the Legislation for the Principal Regulator to make the Decision and each Coordinated Review Decision Maker is satisfied that the Decision in respect of the Trade Reporting Relief and the Marketplace Relief, as applicable, satisfies the tests set out in the securities legislation of its jurisdiction for the Coordinated Review Decision Maker to make the Decision in respect of the Trade Reporting Relief and the Marketplace Relief, as applicable.

The decision of the Principal Regulator under the Legislation is that the Requested Relief is granted, and the Decision of each Coordinated Review Decision Maker under the securities legislation in its jurisdiction is that the Trade Reporting Relief and the Marketplace Relief, as applicable, is granted provided that and for so long as the Filer complies with the following terms and conditions:

### *Dealer Activities*

- I. Unless otherwise exempted by a further decision of the Principal Regulator, and if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under the securities legislation in any of the jurisdictions and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on the Filer.
- II. The Filer is registered as a restricted dealer or investment dealer in the Principal Jurisdiction and the Applicable Jurisdiction in which the client is resident.
- III. Neither the Filer nor any employee, agent or other representative of the Filer will provide recommendations or advice to any client or prospective client.
- IV. The Filer will only engage in business activities governed by securities legislation as described in the representations above. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, prior to undertaking any other activity governed by securities legislation. The Filer will not offer derivatives based on Crypto Assets other than Crypto Contracts.
- V. The Filer has and will continue to confirm that it is not liable for the debt of an affiliate or affiliates that could have material negative effect on the Filer.
- VI. At all times, the Filer will hold not less than 80% of the total value of all Crypto Assets held on behalf of clients (other than Coinbase Prime Clients) with one or more custodians that meets the definition of an Acceptable Third-party Custodian, unless

the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with an Acceptable Third-party Custodian or has obtained the prior written approval of the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions to hold at least 80% of the total value of clients' Crypto Assets with an entity that does not meet certain criteria of an Acceptable Third-party Custodian.

VII. Before the Filer holds Crypto Assets with a custodian referred to in condition VI, the Filer will take reasonable steps to verify that the custodian:

- (a) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;
- (b) has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian;
- (c) will hold the Crypto Assets for its clients (i) in an account clearly designated for the benefit of clients or in trust for clients, (ii) separate and apart from the assets of non-Canadian clients; and (iii) separate and apart from its own assets and from the assets of any custodial service provider; and
- (d) meets each of the requirements to be an Acceptable Third-party Custodian, except for those criteria in respect of which the custodian does not meet and the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdictions have provided prior written approval for use of the custodian.

VIII. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association or the New York State Department of Financial Services, makes a determination that the Filer is not permitted by that regulatory authority to hold clients' Crypto Assets. In such case, the Filer will identify a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Crypto Assets.

IX. For the Crypto Assets held by the Filer, the Filer:

- (a) will hold the Crypto Assets for its clients in trust for the benefit of its clients, and separate and distinct from the assets of the Filer;
- (b) will ensure there is appropriate insurance to cover the loss of Crypto Assets held by the Filer; and
- (c) will have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective

system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.

- X. Before each prospective client opens an account, the Filer will deliver to the client a Risk Statement and, for a prospective client other than a Coinbase Prime Client, the Filer will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- XI. For clients other than Coinbase Prime Clients with pre-existing accounts with the Filer at the time of this Decision, the Filer will deliver to the client a Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement at the earlier of (i) before placing their next trade or deposit of Crypto Assets on the Platform and (ii) the next time they log in to their account with the Filer.
- XII. The Risk Statement delivered as set out in conditions X and XI to new clients or clients with pre-existing accounts on the date of this Decision will be prominent and separate from other disclosures given to the client at the time the Risk Statement is delivered, and the acknowledgement will be separate from other acknowledgements given by the client at that time. This condition XII does not apply in respect of Coinbase Prime Clients.
- XIII. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the website and in the App.
- XIV. Before a client other than a Coinbase Prime Client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or the App and includes the information set out in representation 35.
- XV. Existing clients at the time of the Decision other than Coinbase Prime Clients will be provided with links to the Crypto Asset Statements. The Crypto Asset Statements will be accessible by all clients on the Website.
- XVI. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts or Crypto Asset, and,
  - (a) in the event of any update to the Risk Statement, will promptly notify each existing client of the update and deliver to them a copy of the updated Risk Statement; and
  - (b) in the event of any update to a Crypto Asset Statement, will promptly notify clients through in-App and website disclosures, with links provided to the updated Crypto Asset Statement.

- XVII. Prior to the Filer delivering a Risk Statement to a client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the client to the Principal Regulator.
- XVIII. For each client (other than Coinbase Prime Clients), the Filer will perform an account appropriateness assessment and establish the appropriate Client Limit for the client as described in representations 24 to 28 prior to opening an account and on an ongoing basis and at least every twelve months.
- XIX. The Filer will apply and monitor Client Limits as set out in representation 25.
- XX. The Filer will monitor client activity, and contact clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.
- XXI. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that a client, except those clients that are residents of Alberta, British Columbia, Manitoba and Québec or that are permitted clients or that are Registered CTPs, may enter into Crypto Contracts to buy and sell on the Platform (calculated on a net basis and in an amount not less than \$0) in the preceding 12 months does not exceed a net acquisition cost of \$30,000.
- XXII. For Coinbase Prime Clients, the Filer will confirm their eligibility as described in representation 67 prior to opening a Coinbase Prime Account, and will obtain confirmation of their status as a permitted client or Registered CTP on an annual basis.
- XXIII. Coinbase Prime Clients will enter into the Coinbase Prime Brokerage Agreement with the Filer which include the provisions described in representation 68.
- XXIV. For Coinbase Prime Clients with pre-existing accounts under a Coinbase Prime Brokerage Agreement with Coinbase, Inc. or Coinbase Europe Limited at the time of this Decision, the Filer, Coinbase, Inc., and, if applicable, Coinbase Europe Limited, will jointly deliver to the client a notice of assignment of the Coinbase Prime Brokerage Agreement from Coinbase, Inc., to the Filer by no later than 90 days after the date of this Decision.
- XXV. In the Applicable Jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under securities legislation of that Applicable Jurisdiction.
- XXVI. The Filer will provide the Principal Regulator with at least 10 days' prior written notice of any:
- (a) change of or use of a new custodian; and
  - (b) material changes to the Filer's ownership, its business operations, including its systems, or its business model.

- XXVII. The Filer will provide at least 45 days advance notice to the Principal Regulator for any material changes to the Form 21-101F2 information filed as described in representation 90, except in relation to changes to Exhibit L – Fees, in which case the Filer will provide at least 15 days’ advance notice.
- XXVIII. The Filer will evaluate Crypto Assets as set out in representations 14 to 19.
- XXIX.
- (a) The Filer will only trade with clients Crypto Assets or Crypto Contracts based on Crypto Assets that are
    - (i) not in and of themselves securities or derivatives or
    - (ii) Value-Referenced Crypto Assets that comply with the terms and conditions set out in Appendix F.
  - (b) Notwithstanding (a)(ii), the Filer may allow clients to buy or deposit Value-Referenced Crypto Assets, or to enter into Crypto Contracts to buy or deposit Value-Referenced Crypto Assets, subject to the following conditions:
    - (i) the Value-Referenced Crypto Asset complies with the conditions set out in section (1) of Appendix F;
    - (ii) the Filer has determined that it is unable to maintain the operation of the Platform without the continued trading of such Value-Referenced Crypto Assets or Crypto Contracts based on such Value-Referenced Crypto Assets with clients;
    - (iii) the Filer has identified the necessary modifications to the Platform so that it can function without trading such Value-Referenced Crypto Assets or Crypto Contracts based on such Value-Referenced Crypto Assets with clients;
    - (iv) the Filer has represented in writing to the Principal Regulator that the modifications to the Platform will be completed as soon as practicable, and in any event, on or before October 31, 2024;
    - (v) the Filer discloses publicly and includes disclosure in the Crypto Asset Statement of any such Value-Referenced Crypto Asset that the Filer is in the process of delisting all Value-Referenced Crypto Assets that do not comply with the terms and conditions set out in Appendix F and describes the changes being made to the Platform;
    - (vi) if the modifications to the Platform have not been completed, the Filer will provide an update to the Principal Regulator on April 30, June 28, and August 30, 2024, on the progress of removing those Crypto Assets from the Platform; and

- (vii) the ability for any client to buy or deposit, or enter into Crypto Contracts to buy or deposit, any such Value-Referenced Crypto Assets must cease as soon as practicable and in any event on or before October 31, 2024.
- XXX. The Filer will not engage in trades without prior written consent of the Principal Regulator that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers or affiliates or associates of such persons.
- XXXI. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a client in an Applicable Jurisdiction, where the Crypto Asset was issued by or on behalf of a person or company that is or has in the last five years been the subject of a publicly announced order, judgment, decree, sanction, fine or administrative penalty imposed by, or has entered into a publicly announced settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of AML laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar or analogous conduct.
- XXXII. Except to allow clients to liquidate their positions in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the client or with the prior written consent of the Principal Regulator, the Filer will promptly stop trading Crypto Contracts where the underlying is a Crypto Asset if (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, a security and/or a derivative.
- XXXIII. The Filer will exclude from the excess working capital calculation all the Crypto Assets it holds for which there is no offsetting by a corresponding current liability, as described in representation 141.
- XXXIV. The Filer will take steps to ensure that it complies with the provisions of Division 2 of Part 12 of NI 31-103, in particular paragraph 12.6(b) on or before June 30, 2024.

*Functional Independence*

- XXXV. At all times when Coinbase Custody acts as the custodian of client assets of the Filer, the Filer will ensure that Coinbase Custody is functionally independent from the Filer and that representations 106 and 107 remain true and correct.

- XXXVI. At all times, the Filer's representatives who are authorized to give instructions to Coinbase Custody on behalf of the Filer will not have overlapping functions at affiliated entities.
- XXXVII. At all times when a Coinbase affiliate is the custodian of client assets of the Filer, the Ultimate Designated Person and Chief Compliance Officer of the Filer, and 66 2/3% of the Board of Directors and Officers of the Filer, will not act as officers or directors of any affiliated entities.
- XXXVIII. At all times when a Coinbase affiliate is the custodian of client assets of the Filer, the Filer will notify the Principal Regulator promptly and, in any event, no later than 30 days after, of any material change to the custodian's functional independence from the Filer.
- XXXIX. The Filer will not be liable for the financial obligations of Coinbase Custody, Coinbase, Inc. or Coinbase Global Inc.

*Financial Viability*

- XL. The Filer will maintain sufficient financial resources for the proper performance of the marketplace services and the clearing or settlement services, and for the performance of these functions in furtherance of its compliance with these terms and conditions.
- XLI. The Filer will notify the Principal Regulator immediately upon becoming aware that the Filer does not or may not have sufficient financial resources in accordance with the requirements of condition XL.

*Trading Limitations*

- XLII. The Filer will not submit orders on a proprietary basis, other than in connection with offsetting trades relating to client orders that are executed on a riskless principal basis, or as it otherwise deems appropriate for the delivery of its services. For clarity, at no time shall the Filer trade against its clients for speculative purposes.
- XLIII. Within 120 days of the date of this Decision, the Filer shall deliver to the Principal Regulator completed Exhibits E through L of Form 21-101F2.
- XLIV. The Filer must not implement a significant change to the information in the Form 21-101F2 unless it has delivered an amendment of the Form 21-101F2 describing the significant change to the Principal Regulator at least 45 days prior to implementing the significant change.

*Marketplace Activities – Fair Access*

- XLV. The Filer will not unreasonably prohibit, condition or limit access of clients to the Platform.
- XLVI. The Filer will ensure that Coinbase does not permit unreasonable discrimination with respect to the Filer's clients in relation to the Platform.



- XLVII. Any person or company resident in Canada must access the Coinbase Global Platform, including for marketplace services and the clearing or settlement services, through the Platform.

*Marketplace Activities – Market Integrity*

- XLVIII. The Filer will take reasonable steps to ensure its operations do not interfere with fair and orderly markets in relation to the Platform.
- XLIX. The Filer will not provide access to the Platform unless it has the ability to terminate all or a portion of a client's access, if required.
- L. The Filer will maintain accurate records of all of its trade monitoring and complaint handling activities in relation to the Platform, and of the reasons for actions taken or not taken. The Filer will make such records available to the Principal Regulator upon request.
- LI. The Filer must monitor each client's compliance with restrictions relating to its use of the Platform, including complying with the Trading Requirements and avoiding Prohibited Uses and report breaches of securities law, as appropriate, to the applicable securities regulatory authority or regulator.

*Marketplace Activities – Conflicts of Interest*

- LII. When the Filer or an affiliate trades with the Filer's clients on a principal basis, the Filer will ensure that its clients receive fair and reasonable prices.
- LIII. The Filer will annually review compliance with the policies and procedures that identify and manage conflicts of interest described in representation 87 and will document in each review any deficiencies that were identified and how those deficiencies were remedied.

*Marketplace Activities – Transparency of Operations and of Order and Trade Information*

- LIV. The Filer will maintain public disclosure of the information outlined in representation 77 in a manner that reasonably enables a person or company to understand the marketplace operations or services.
- LV. For orders and trades entered into and executed on the Platform, the Filer will make available to clients an appropriate level of information regarding those orders and trades in real-time to facilitate clients' investment and trading decisions, as described in representation 78.
- LVI. The Filer will make publicly available on its website, on a timely basis, an appropriate level of information about trades that have occurred on the Platform as described in representation 78.

*Marketplace Activities – Confidentiality*

- LVII. The Filer will not release a client's order or trade information to a person or company, other than to the client, a securities regulatory authority or a regulation services provider unless:



- (a) the client has consented in writing to the release of the information;
- (b) the release is made under applicable law; or
- (c) the information has been publicly disclosed by another person or company and the disclosure was lawful.

LVIII. Despite condition LVII, the Filer may release a client's order and trade information to Coinbase, Inc. provided the Filer has a written agreement with Coinbase Inc. in which Coinbase Inc. agrees not to release the Filer's client's order and trade information unless permitted under condition LVII.

*Clearing and Settlement Activities*

LIX. For any clearing or settlement activity conducted by the Filer, the Filer will:

- (a) maintain adequate procedures and processes to ensure the provision of accurate and reliable settlement services in connection with Crypto Assets;
- (b) maintain appropriate risk management policies and procedures and internal controls to minimize the risk that settlement will not take place as expected;
- (c) limit the provision of clearing and settlement services to Crypto Assets and fiat currency which underlie the Crypto Contracts traded on the Platform; and
- (d) limit the provision of clearing and settlement services to clients of the Filer, and, to the extent applicable, other Coinbase entities in relation to trades executed on the Platform.

*Notification to Principal Regulator*

LX. The Filer will promptly notify the Principal Regulator and indicate what steps have been taken by the Filer to address the situation should any of the following occur:

- (a) any failure or breach of systems of controls or supervision that has a material impact on the Filer, including when they
  - (i) involve the Filer's business;
  - (ii) involve the services or business of an affiliate of the Filer;
  - (iii) Involve the Acceptable Third-party Custodian;
  - (iv) are cybersecurity breaches of the Filer, an affiliate of the Filer, or services that impact the Filer; or
  - (v) are a malfunction, delay, or security breach of the systems or controls relating to the operation of the marketplace or clearing or settlement functions;
- (b) any amount of specified Crypto Assets are identified as lost;

- (c) any investigations of, or regulatory action against, the Filer, or an affiliate of the Filer, by a regulatory authority in any jurisdiction in which it operates which may impact the operations of the Filer;
- (d) details of any litigation instituted against the Filer, or an affiliate of the Filer, which may impact the operation of the Filer;
- (e) notification that the Filer, or an affiliate of the Filer, has instituted a petition for a judgment of bankruptcy, insolvency, or similar relief, or to wind up or liquidate the Filer, or an affiliate of the Filer, or has a proceeding for any such petition instituted against it; and
- (f) the appointment of a receiver or the making of any voluntary arrangement with a creditors.

*Books and Records*

- LXI. The Filer and Coinbase Inc. will keep books, records and other documents reasonably necessary for the proper recording of their businesses and to demonstrate compliance with the Legislation and the conditions of this Decision, including, but not limited to, records of all orders and trades, including the product, quotes, executed price, volume, time when the order is entered, matched, cancelled or rejected, and the identifier of any authorized user that entered the order.
- LXII. The Filer and Coinbase Inc. will maintain the aforementioned books, records and other documents in electronic form and promptly provide them in the format and at the time requested by the Principal Regulator pursuant to the Legislation. Such books, records and other documents will be maintained by the Filer and Coinbase Inc. for a minimum of seven years.

*Systems and internal controls*

- LXIII. The Filer and Coinbase Inc. will maintain effective internal controls over systems that support the Platform and the Coinbase Global Platform including internal controls to ensure that its systems function properly and have adequate capacity and security.
- LXIV. The Filer and Coinbase Inc. will maintain effective information technology controls to support the Platform and the Coinbase Global Platform including controls relating to operations, information security, cyber resilience, change management, network support and system software support.
- LXV. The Filer and Coinbase Inc. will maintain, update and test a business continuity plan, including emergency procedures, and a plan for disaster recovery that provides for the timely recovery of operations and fulfilment of its obligations with respect to the Platform and the Coinbase Global Platform, including in the event of a wide-scale or major disruption.

*Staking*

- LXVI. The Filer will comply with the terms and conditions in Appendix C in respect of the Staking Services.

*Reporting*

- LXVII. The Filer will deliver the reporting as set out in Appendix D.
- LXVIII. The Filer will deliver to the regulator or the securities regulatory authority in each of the Applicable Jurisdictions, in a form and format acceptable to the regulator or the securities regulatory authority, a report that includes the following aggregated quarterly information relating to trading activity on the Platform (which does not include trades executed on behalf of Coinbase Prime Clients on Connected Trading Venues other than the Coinbase CB Orderbook) within 30 days of the end of each March, June, September and December:
- (a) total number of trades and total traded value on a by pair basis, with each such reported value further broken out by the proportion of trades and traded value that were a result of trades between two clients compared to trades between a client and the Filer or affiliate of the Filer.
  - (b) total number of executed client orders and total value of executed client orders on a by pair basis, with each such reported value further broken out by the proportion of executed market orders compared to executed limit orders.
- LXIX. The Filer will provide to the Principal Regulator quarterly summary statistics on its trade monitoring and complaint handling activities in relation to the Platform, including the following:
- (a) the number of instances of improper trading activity identified, by category, and the proportion of each such category that arose from client complaints/reports;
  - (b) the number of instances in (a) that were further investigated or reviewed, by category;
  - (c) the number of investigations in (b), by category, that were closed with no action;
  - (d) a summary of each investigation in (b) that was escalated for action to be taken, including a description of the action taken in each case; and
  - (e) a summary of the status of any open investigations.
- LXX. Within 7 calendar days from the end of each month, the Filer will deliver to the regulator or securities regulatory authority in each of the Applicable Jurisdictions, a report of all Client Accounts for which the Client Limits established pursuant to representation 25 were exceeded during that month.
- LXXI. The Filer will provide certain reporting in respect of the preceding calendar quarter to its Principal Regulator within 30 days of the end of March, June, September and December in connection with the Staking Services, including, but not limited to:

- (a) the total number of clients to which the Filer provides the Staking Services;
- (b) the Crypto Assets for which the Staking Services are offered;
- (c) for each Crypto Asset that may be staked:
  - (i) the amount of Crypto Assets staked,
  - (ii) the amount of each such Crypto Assets staked that is subject to a Lockup Period and the length of the Lock-up Period;
  - (iii) the amount of Crypto Assets that clients have requested to unstake; and
  - (iv) the amount of rewards earned by the Filer and the clients for the Crypto Assets staked under the Staking Services;
- (d) the names of any third parties used to conduct the Staking Services;
- (e) any instance of slashing, jailing or other penalties being imposed for validator error,
- (f) the details of why these penalties were imposed; and
- (g) any reporting regarding the Filer's liquidity management as requested by the Principal Regulator.

LXXII. The Filer will deliver to the Principal Regulator, within 30 days of the end of each March, June, September and December, either:

- (a) blackline copies of changes made to the policies and procedures on the operations of its wallets (including, but not limited to, establishment of wallets, transfer of Crypto Assets into and out of the wallets and authorizations to access the wallets) previously delivered to the Principal Regulator; or
- (b) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.

LXXIII. In addition to any other reporting required by the Legislation, the Filer will provide, on a timely basis, any report, data, document or information that the Filer has available or would be reasonably expected to have available to the Principal Regulator, including any information about the Filer's Acceptable Third-party Custodian(s) and the Crypto Assets held by the Filer's Acceptable Third-party Custodian(s), that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation, in a format acceptable to the Principal Regulator. Unless otherwise prohibited under applicable law, the Filer will share with the Principal Regulator information relating to regulatory and enforcement matters that will materially impact its business.

- LXXIV. Upon request, the Filer will provide the Principal Regulator and the securities regulators or securities regulatory authorities of each of the Non-Principal Jurisdictions with aggregated and/or anonymized data concerning client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading crypto assets.

*Terms and Conditions Applicable to Coinbase, Inc.*

- LXXV. Coinbase, Inc. will facilitate the allocation of sufficient financial and non-financial resources for the operations of the Filer to ensure the Filer can carry out its functions in a manner that is consistent with securities legislation and the Decision.
- LXXVI. Coinbase, Inc. will notify the Principal Regulator immediately upon:
- (a) becoming aware that it is or will be unable to allocate sufficient financial or other resources to the Filer as required under condition LXXV; or
  - (b) becoming aware that any of the marketplace provisions are or will not be complied with.
- LXXVII. Coinbase, Inc. will ensure that all conditions provided herein are complied with. To the extent investor protection concerns arise in respect of the Filer or the Platform, Coinbase Inc. will, acting reasonably and in good faith, engage in discussions with the Principal Regulator or the Coordinated Review Decision Maker raising it to address the concern. Coinbase, Inc. will, subject to applicable law, promptly provide to the Principal Regulator, on request, any and all data, information, and analyses in its custody or control related to the business and operations of the Filer and the Platform without limitations, redactions, restrictions, or conditions, provided that nothing in this section will be construed to abrogate solicitor-client privilege or any similar doctrines that may apply to communications with and work product produced by counsel.
- LXXVIII. Except for the services provided by the Filer to any person or company resident in Canada and the custodial services Coinbase Custody and Coinbase Custody International provide to Coinbase Prime Clients, neither Coinbase, Inc. nor any of its affiliates is permitted to provide, or allow access to, any services governed by securities legislation, whether offered by Coinbase, Inc. or any of its affiliates, to any person or company resident in an Applicable Jurisdiction, without the approval of the securities regulatory authority or regulator in such Applicable Jurisdiction.
- LXXIX. Coinbase, Inc. will perform trading services for the Filer only upon instructions from the Filer.

*Changes to and Expiration of Decision*

- LXXX. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.

- LXXXI. The Filer will disclose to clients that the Filer is registered as a restricted dealer in the Applicable Jurisdictions subject to specific terms and conditions that are the subject of a specific order and as such may not be subject to all requirements otherwise applicable to an investment dealer and CIRO member, including those that apply to marketplaces and to trading on marketplaces.
- LXXXII. The Filer will, if it intends to operate the platform in Ontario and Québec after the expiry of the Decision, take the following steps:
- a. submit an application to the Principal Regulator and the Autorité des marchés financiers (**AMF**), to become registered as an investment dealer no later than 6 months after the date of the Decision;
  - b. submit an application with CIRO to become a dealer member no later than 6 months after the date of the Decision; and
  - c. work actively and diligently with the OSC, the AMF and CIRO to transition the Platform to investment dealer registration and obtain CIRO membership.
- LXXXIII. This Decision shall expire two years from the date of this Decision.
- LXXXIV. This Decision may be amended by the Principal Regulator from time to time upon prior written notice to the Filer.

*“original signed by”*

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Susan Greenglass  
Senior Vice President, Trading & Markets  
Ontario Securities Commission

## Appendix A

1. In this Decision, the Local Trade Reporting Rules collectively means each of the following:
  - (a) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting (**OSC Rule 91-507**);
  - (b) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting (**MSC Rule 91-507**);
  - (c) Part 3, Data Reporting of Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**).



## **Appendix B**

### **List of Specified Crypto Assets**

- Bitcoin
- Ether
- Bitcoin Cash
- Litecoin
- A Value-Referenced Crypto Asset that complies with condition XXIX.

## **Appendix C**

### **Staking Terms and Conditions**

1. The Staking Services are offered in relation to the Stakeable Crypto Assets that are subject to a Crypto Contract between the Filer and a client.
2. Unless the Principal Regulator has provided its prior written consent, the Filer offers clients the Staking Services only for (i) Crypto Assets of blockchains that use a proof of stake consensus mechanism and (ii) the staked Crypto Assets that are used to guarantee the legitimacy of new transactions the Validator adds to the blockchain (i.e., Stakeable Crypto Assets).
3. The Filer is proficient and knowledgeable about staking Stakeable Crypto Assets.
4. The Filer itself does not act as a Validator. The Filer has entered into written agreements with third parties to stake Stakeable Crypto Assets and each such third party is proficient and experienced in staking Stakeable Crypto Assets.
5. The Filer's KYP Policy includes a review of the Stakeable Crypto Assets made available to clients for staking and staking protocols related to those Stakeable Crypto Assets prior to offering those Stakeable Crypto Assets as part of the Staking Services. The Filer's review includes the following:
  - (a) the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (b) the operation of the proof-of-stake blockchain for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (c) the staking protocols for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (d) the risks of loss of the staked Stakeable Crypto Assets, including from software bugs and hacks of the protocol;
  - (e) the Validators engaged by the Filer or the Filer's Custodians, including, but not limited to, information about:
    - (i) the persons or entities that manage and direct the operations of the Validator,
    - (ii) the Validator's reputation and use by others,
    - (iii) the amount of Stakeable Crypto Assets the Validator has staked on its own nodes,
    - (iv) the measures in place by the Validator to operate the nodes securely and reliably,

- (v) the financial status of the Validator,
  - (vi) the performance history of the Validator, including but not limited to the amount of downtime of the Validator, past history of “double signing” and “double attestation/voting”,
  - (vii) any losses of Stakeable Crypto Assets related to the Validator’s actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the Validator, and
  - (viii) any guarantees offered by the Validator against losses including losses resulting from slashing or other penalties and any insurance obtained by the Validator that may cover this risk.
- 6. The Filer has policies and procedures to assess account appropriateness for a client includes consideration of the Staking Services to be made available to that client.
- 7. The Filer applies the account appropriateness policies and procedures to evaluate whether offering the Staking Services is appropriate for a client before providing access to an account that makes available the Staking Services and, on an ongoing basis, at least once in each 12-month period.
- 8. If, after completion of an account-level appropriateness assessment, the Filer determines that providing the Staking Services is not appropriate for the client, the Filer will include prominent messaging to the client that this is the case and the Filer will not make available the Staking Services to the client.
- 9. The Filer only stakes the Stakeable Crypto Assets of those clients who have agreed to the Staking Services and have allocated Stakeable Crypto Assets to be staked. Where a client no longer wishes to stake all or a portion of the allocated Stakeable Crypto Assets, subject to any Lock-Up Periods (as defined below) or any terms of the Staking Services that permit the client to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-Up Periods, the Filer ceases to stake those Stakeable Crypto Assets.
- 10. Before the first time a client allocates any Stakeable Crypto Assets to be staked, the Filer delivers to the client the Risk Statement that includes the risks with respect to staking and the Staking Services described in paragraph 11 below, and requires the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- 11. The Filer clearly explains in the Risk Statement the risks with respect to staking and the Staking Services in plain language, which include, at a minimum:
  - (a) the details of the Staking Services and the role of all third parties involved;
  - (b) the due diligence performed by the Filer with respect to the proof-of-stake consensus protocol for each Crypto Asset for which the Filer provides the Staking Services;

- (c) the details of the Validators that will be used for the Staking Services and the due diligence performed by the Filer with respect to the Validators;
  - (d) the details of whether and how the custody of staked Stakeable Crypto Assets differs from Crypto Assets held on behalf of the Filer's clients that are not engaged in staking;
  - (e) the general risks related to staking and any risks arising from the arrangements used by the Filer to offer the Staking Services (e.g., reliance on third parties; risk of loss due to technical errors or bugs in the protocol; hacks or theft from the crypto assets being held in hot wallets, etc.) and how any losses will be allocated to clients;
  - (f) whether the Filer will reimburse clients for any Stakeable Crypto Assets lost due to slashing or other penalties imposed due to Validator error, action or inactivity or how any losses will be allocated to clients;
  - (g) whether any of the staked Stakeable Crypto Assets are subject to any lock-up, unbonding, unstaking, or similar periods imposed by the Stakeable Crypto Asset protocol, custodian or Validator, where such Stakeable Crypto Assets will not be accessible to the client or will be accessible only after payment of additional fees or penalties or forfeiture of any rewards (Lock-up Periods); and
  - (h) how rewards are calculated on the staked Stakeable Crypto Assets, including any fees charged by the Filer or any third party, how rewards are paid out to clients, and any associated risks.
12. Immediately before each time that a client allocates Stakeable Crypto Assets to be staked under the Staking Services, the Filer requires the client to acknowledge the risks of staking Stakeable Crypto Assets as may be applicable to the particular Staking Services or each particular Stakeable Crypto Asset, including, but not limited to:
- (a) that the staked Stakeable Crypto Asset may be subject to a Lock-up Period and, consequently, the client may not be able to sell or withdraw their Stakeable Crypto Asset for a predetermined or unknown period of time, with details of any known period, if applicable;
  - (b) that given the volatility of Crypto Assets, the value of a client's staked Stakeable Crypto Asset when they are able to sell or withdraw, and the value of any Stakeable Crypto Asset earned through staking, may be significantly less than the current value;
  - (c) how rewards will be calculated and paid out to clients and any risks inherent in the calculation and payout of any rewards;
  - (d) that there is no guarantee that the client will receive any rewards on the staked Stakeable Crypto Asset, and that past rewards are not indicative of expected future rewards;

- (e) whether rewards may be changed at the discretion of the Filer;
  - (f) unless the Filer guarantees any Stakeable Crypto Assets lost to slashing, that the client may lose all or a portion of the client's staked Stakeable Crypto Assets if the Validator does not perform as required by the network;
  - (g) if the Filer offers a guarantee to prevent loss of any Stakeable Crypto Assets arising from the Staking Services, including due to slashing, any limits on that guarantee and requirements for a client to claim under the guarantee; and
  - (h) that additional risks can be found in the Risk Statement and Crypto Asset Statement, including the names and other information regarding the Validators and information regarding Lock-up Periods and rewards, with a link to the Risk Statement and Crypto Asset Statement.
13. Immediately before each time a client buys or deposits Stakeable Crypto Assets that are automatically staked pursuant to an existing agreement by the client to the Staking Services, the Filer provides prominent disclosure to the client that the Stakeable Crypto Asset it is about to buy or deposit will be automatically staked.
  14. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Staking Services and/or Stakeable Crypto Assets.
  15. In the event of any update to the Risk Statement, for each existing client that has agreed to the Staking Services, the Filer will promptly notify the client of the update and deliver to them a copy of the updated Risk Statement.
  16. In the event of any update to a Crypto Asset Statement, for each existing client that has agreed to the Staking Services in respect of the Stakeable Crypto Asset for which the Crypto Asset Statement was updated, the Filer will promptly notify the client of the update and deliver to the client a copy of the updated Crypto Asset Statement.
  17. The Filer and the Custodians remain in possession, custody and control of the staked Stakeable Crypto Assets at all times.
  18. The Filer holds the staked Stakeable Crypto Assets for its clients in one or more omnibus staking wallets in the name of the Filer for the benefit of the Filer's clients with the Custodians and the staked Stakeable Crypto Assets are held separate and distinct from (i) the assets of the Filer, the Custodians and the Custodians' other clients; and (ii) the Crypto Assets held for its clients that have not agreed to staking those specific Crypto Assets.
  19. The Filer has established policies and procedures that manage and mitigate custodial risks for staked Stakeable Crypto Assets, including but not limited to, an effective system of controls and supervision to safeguard the staked Stakeable Crypto Assets.
  20. If the Filer permits clients to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-up Period, the Filer establishes and applies appropriate

liquidity management policies and procedures to fulfill withdrawal requests made, which may include using the Stakeable Crypto Assets it holds in inventory, setting aside cash for the purpose of purchasing such inventory and/or entering into agreements with its liquidity providers that permit the Filer to purchase any required Crypto Assets. The Filer holds Stakeable Crypto Assets in trust for its clients and will not use Stakeable Crypto Assets of those clients who have not agreed to the Staking Services for fulfilling such withdrawal requests.

21. If the Filer provides a guarantee to clients from some or all of the risks related to the Staking Services, the Filer has established, and will maintain and apply, policies and procedures to address any risks arising from such guarantee.
22. In the event of bankruptcy or insolvency of the Filer, the Filer will assume and will not pass to clients any losses arising from slashing or other penalties arising from the performance or non-performance of the Validator.
23. The Filer monitors its Validators for downtime, jailing and slashing events and takes any appropriate action to protect Stakeable Crypto Assets staked by clients.
24. The Filer has established and applies policies and procedures to address how staking rewards, fees and losses will be calculated and allocated to clients that have staked Stakeable Crypto Assets under the Staking Services.
25. The Filer regularly and promptly determines the amount of staking rewards earned by each client that has staked Stakeable Crypto Assets under the Staking Services and distributes each client's staking rewards to the client promptly after they are made available to the Filer.
26. The Filer clearly discloses the fees charged by the Filer for the Staking Services and provides a clear calculation of the rewards earned by each client that agrees to the Staking Services.

## **Appendix D**

### **Data Reporting**

1. Commencing with the quarter ending June 30, 2023, the Filer will deliver the following information to the Principal Regulator and each of the Coordinated Review Decision Makers in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers with respect to clients residing in the jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December:
  - (a) aggregate reporting of activity conducted pursuant to the Platform's operations (other than activity conducted for Coinbase Prime Accounts) that will include the following:
    - (i) number of client accounts opened each month in the quarter;
    - (ii) number of client accounts frozen or closed each month in the quarter;
    - (iii) number of client accounts applications rejected by the Platform each month in the quarter based on the account appropriateness factors described in representation 24;
    - (iv) number of trades each month in the quarter;
    - (v) average value of the trades in each month in the quarter;
    - (vi) number of client accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter;
    - (vii) number of client accounts that in the preceding 12 months, excluding Specified Crypto Assets, exceeded a net acquisition cost of \$30,000 at the end of each month in the quarter;
    - (viii) number of client accounts at the end of each month in the quarter;
    - (ix) number of client accounts with no trades during the quarter;
    - (x) number of client accounts that have not been funded at the end of each month in the quarter;
    - (xi) number of client accounts that hold a positive amount of Crypto Assets at end of each month in the quarter; and
    - (xii) number of client accounts that exceeded their Client Limit at the end of each month in the quarter.
  - (b) aggregate reporting of activity conducted pursuant to the Platform's operations for Coinbase Prime Accounts that will include the following:



- (i) number of client accounts opened each month in the quarter;
  - (ii) number of client accounts frozen or closed each month in the quarter;
  - (iii) number of trades each month in the quarter; and
  - (iv) average value of the trades in each month in the quarter;
- (c) the details of any client complaints received by the Filer during the calendar quarter and how such complaints were addressed;
- (d) a listing of all blockchain addresses, except for deposit addresses and addresses used only for Coinbase Prime Accounts, that hold Crypto Assets on behalf of clients, including all hot and cold wallets;
- (e) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future; and
- (f) the details of the transaction volume per Crypto Asset during the quarter (excluding Coinbase Prime Accounts).
2. The Filer will deliver to the Principal Regulator and each of the Coordinated Review Decision Makers, in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers, a report that includes the anonymized account-level data for the Platform's operations for each client residing in the jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December for data elements outlined in Appendix E. The obligation to deliver this report for Coinbase Prime Clients will commence with the quarter ending June 30, 2024.

## Appendix E

### Data Element Definitions, Formats, and Allowable Values

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
<b>Data Elements Related to each Unique Client</b>					
1.	Unique Client Identifier	Alphanumeric code that uniquely identifies a client.	Varchar(72)	An internal client identifier code assigned by the CTP to the client. The identifier must be unique to the client.	ABC1234
2.	Unique Account Identifier	Alphanumeric code that uniquely identifies an account.	Varchar(72)	A unique internal identifier code which pertains to the client's account. There may be more than one Unique Account Identifier linked to a Unique Client Identifier.	ABC1234
3.	Jurisdiction	The Province or Territory where the client, head office or principal place of business is, or under which laws the client is organized, or if an individual, their principal place of residence.	Varchar(5)	Jurisdiction where the client is located using ISO 3166-2 - See the following link for more details on the ISO standard for Canadian jurisdictions codes. <a href="https://www.iso.org/obp/ui/#iso:code:3166:CA">https://www.iso.org/obp/ui/#iso:code:3166:CA</a>	CA-ON
<b>Data Elements Related to each Unique Account</b>					
4.	Account Open Date	Date the account was opened and approved to trade.	YYYY-MM-DD, based on UTC.	Any valid date based on ISO 8601 date format.	2022-10-27

<sup>1</sup> Note: Digital Token refers to either data associated with a Digital Token, or a Digital Token referenced in an investment contract.

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
5.	Cumulative Realized Gains/Losses	Cumulative Realized Gains/Losses from purchases, sales, deposits, withdrawals and transfers in and out, since the account was opened as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in, transfers out, deposits and withdrawals of the Digital Token to determine the cost basis or the realized gain or loss.	205333
6.	Unrealized Gains/Losses	Unrealized Gains/Losses from purchases, deposits and transfers in as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in or deposits of the Digital Token to determine the cost basis.	-30944
7.	Digital Token Identifier	Alphanumeric code that uniquely identifies the Digital Token held in the account.	Char(9)	Digital Token Identifier as defined by ISO 24165. See the following link for more details on the ISO standard for Digital Token Identifiers. <a href="https://dtif.org/">https://dtif.org/</a>	4H95J0R2X
<b>Data Elements Related to each Digital Token Identifier Held in each Account</b>					
8.	Quantity Bought	Number of units of the Digital Token bought in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	4358.326

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
9.	Number of Buy Transactions	Number of transactions associated with the Quantity Bought during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	400
10.	Quantity Sold	Number of units of the Digital Token sold in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	125
11.	Number of Sell Transactions	Number of transactions associated with the Quantity Sold during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3325
12.	Quantity Transferred In	Number of units of the Digital Token transferred into the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	10.928606
13.	Number of Transactions from Transfers In	Number of transactions associated with the quantity transferred into the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3
<b>Data Elements Related to each Digital Token Identifier Held in each Account</b>					
14.	Quantity Transferred Out	Number of units of the Digital Token transferred out of the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	603

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
15.	Number of Transactions from Transfers Out	Number of transactions associated with the quantity transferred out of the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	45
16.	Quantity Held	Number of units of the Digital Token held in the account as of the end of the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	3641.25461
17.	Value of Digital Token Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788
<b>Data Elements Related to each Digital Token Identifier Held in each Account</b>					
18.	Client Limit	The Client Limit established on each account.	Num(25,2)	Any value greater than or equal to zero rounded to the nearest dollar in CAD, or if a percentage, in decimal format.	0.50
19.	Client Limit Type	The type of limit as reported in (18).	Char(3)	AMT (amount) or PER (percent).	PER

## Appendix F

### Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients

- (1) The Filer establishes that all of the following conditions are met:
  - (a) The Value-Referenced Crypto Asset references, on a one-for-one basis, the value of a single fiat currency (the “reference fiat currency”).
  - (b) The reference fiat currency is the Canadian dollar or United States dollar.
  - (c) The Value-Referenced Crypto Asset entitles a Value-Referenced Crypto Asset holder who maintains an account with the issuer of the Value-Referenced Crypto Asset to a right of redemption, subject only to reasonable publicly disclosed conditions, on demand directly against the issuer of the Value-Referenced Crypto Asset or against the reserve of assets, for the reference fiat currency on a one-to-one basis, less only any fee that is publicly disclosed by the issuer of the Value-Referenced Crypto Asset, and payment of the redemption proceeds within a reasonable period as disclosed by the issuer of the Value-Referenced Crypto Asset.
  - (d) The issuer of the Value-Referenced Crypto Asset maintains a reserve of assets that is:
    - (i) in the reference fiat currency and is comprised of any of the following:
      1. cash;
      2. investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada or the government of the United States;
      3. securities issued by one or more Money Market Funds licensed, regulated or authorized by a regulatory authority in Canada or the United States of America; or
      4. such other assets that the principal regulator of the Filer and the regulator or securities regulatory authority in each Canadian jurisdiction where clients of the Filer reside has consented to in writing;
    - (ii) all of the assets that comprise the reserve of assets are:
      1. measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises or U.S. GAAP at the end of each day;
      2. held with a Qualified Custodian;

3. held in an account clearly designated for the benefit of the Value-Referenced Crypto Asset holders or in trust for the Value-Referenced Crypto Asset holders;
  4. held separate and apart from the assets of the issuer of the Value-Referenced Crypto Asset and its affiliates and from the reserve of assets of any other Crypto Asset, so that, to the best of the knowledge and belief of the Filer after taking steps that a reasonable person would consider appropriate, including consultation with experts such as legal counsel, no creditors of the issuer other than the Value-Referenced Crypto Asset holders in their capacity as Value-Referenced Crypto Asset holders, will have recourse to the reserve of assets, in particular in the event of insolvency; and
  5. not encumbered or pledged as collateral at any time; and
- (iii) the fair value of the reserve of assets is at least equal to the aggregate nominal value of all outstanding units of the Value-Referenced Crypto Asset at least once each day.
- (2) The issuer of the Value-Referenced Crypto Asset makes all of the following publicly available:
- (a) details of each type, class or series of the Value-Referenced Crypto Asset, including the date the Value-Referenced Crypto Asset was launched and key features and risks of the Value-Referenced Crypto Asset;
  - (b) the quantity of all outstanding units of the Value-Referenced Crypto Asset and their aggregate nominal value at least once each business day;
  - (c) the names and experience of the persons or companies involved in the issuance and management of the Value-Referenced Crypto Asset, including the issuer of the Value-Referenced Crypto Asset, any manager of the reserve of assets, including any individuals that make investment decisions in respect of the reserve of assets, and any custodian of the reserve of assets;
  - (d) the quantity of units of the Value-Referenced Crypto Asset held by the issuer of the Value-Referenced Crypto Asset or any of the persons or companies referred to in paragraph (c) and their nominal value at least once each business day;
  - (e) details of how a Value-Referenced Crypto Asset holder can redeem the Value-Referenced Crypto Asset, including any possible restrictions on redemptions such as the requirement for a Value-Referenced Crypto Asset holder to have an account



with the issuer of the Value-Referenced Crypto Asset and any criteria to qualify to have an account;

- (f) details of the rights of a Value-Referenced Crypto Asset holder against the issuer of the Value-Referenced Crypto Asset and the reserve of assets, including in the event of insolvency or winding up;
- (g) all fees charged by the issuer of the Value-Referenced Crypto Asset for distributing, trading or redeeming the Value-Referenced Crypto Asset;
- (h) whether Value-Referenced Crypto Asset holders are entitled to any revenues generated by the reserve of assets;
- (i) details of any instances of any of the following:
  - (i) the issuer of the Value-Referenced Crypto Asset has suspended or halted redemptions for all Value-Referenced Crypto Asset holders;
  - (ii) the issuer of the Value-Referenced Crypto Asset has not been able to satisfy redemption rights at the price or in the time specified in its public policies;
- (j) within 45 days of the end of each month, an assurance report from a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America, and that meets the professional standards of that jurisdiction, that complies with all of the following:
  - (i) provides reasonable assurance in respect of the assertion by management of the issuer of the Value-Referenced Crypto Asset that the issuer of the Value-Referenced Crypto Asset has met the requirements in paragraphs (1)(d)-(f) as at the last business day of the preceding month and at least one randomly selected day during the preceding month;
  - (ii) the randomly selected day referred to in subparagraph (i) is selected by the public accountant and disclosed in the assurance report;
  - (iii) for each day referred to in subparagraph (i), management's assertion includes all of the following:
    - 1. details of the composition of the reserve of assets;
    - 2. the fair value of the reserve of assets in subparagraph (1)(e)(i);
    - 3. the quantity of all outstanding units of the Value-Referenced Crypto Asset in paragraph (b);
  - (iv) the assurance report is prepared in accordance with the Handbook, International Standards on Assurance Engagements or attestation standards established by the American Institute of Certified Public Accountants;

- (k) starting with the first financial year ending after December 1, 2023, within 120 days of the issuer of the Value-Referenced Crypto Asset's financial year end, annual financial statements of the issuer of the Value-Referenced Crypto Asset that comply with all of the following:
- (i) the annual financial statements include all of the following:
    - 1. a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
    - 2. a statement of financial position, signed by at least one director of the issuer of the Value-Referenced Crypto Asset, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
    - 3. notes to the financial statements;
  - (ii) the statements are prepared in accordance with one of the following accounting principles:
    - 1. Canadian GAAP applicable to publicly accountable enterprises;
    - 2. U.S. GAAP;
  - (iii) the statements are audited in accordance with one of the following auditing standards:
    - 1. Canadian GAAS;
    - 2. International Standards on Auditing;
    - 3. U.S. PCAOB GAAS;
  - (iv) the statements are accompanied by an auditor's report that,
    - 1. if (iii)1 or 2 applies, expresses an unmodified opinion,
    - 2. if (iii)3 applies, expresses an unqualified opinion,
    - 3. identifies the auditing standards used to conduct the audit, and
    - 4. is prepared and signed by a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America.

- (3) The Crypto Asset Statement includes all of the following:
- (a) a prominent statement that no securities regulatory authority or regulator in Canada has evaluated or endorsed the Crypto Contracts or any of the Crypto Assets made available through the platform;
  - (b) a prominent statement that the Value-Referenced Crypto Asset is not the same as and is riskier than a deposit in a bank or holding cash with the Filer;
  - (c) a prominent statement that although Value-Referenced Crypto Assets may be commonly referred to as “stablecoins”, there is no guarantee that the Value-Referenced Crypto Asset will maintain a stable value when traded on secondary markets or that the reserve of assets will be adequate to satisfy all redemptions;
  - (d) a prominent statement that, due to uncertainties in the application of bankruptcy and insolvency law, in the event of the insolvency of [Value-Referenced Crypto Asset issuer], there is a possibility that creditors of [Value-Referenced Crypto Asset issuer] would have rights to the reserve assets that could outrank a Value-Referenced Crypto Asset holder’s rights, or otherwise interfere with a Value-Referenced Crypto Asset holder’s ability to access the reserve of assets in the event of insolvency;
  - (e) a description of the Value-Referenced Crypto Asset and its issuer;
  - (f) a description of the due diligence performed by the Filer with respect to the Value-Referenced Crypto Asset;
  - (g) a brief description of the information in section (2) and links to where the information in that section is publicly available;
  - (h) a link to where on its website the issuer of the Value-Referenced Crypto Asset will disclose any event that has or is likely to have a significant effect on the value of the Value-Referenced Crypto Asset or on the reserve of assets.
  - (i) a description of the circumstances where the secondary market trading value of the Value-Referenced Crypto Asset may deviate from par with the reference fiat currency and details of any instances where the secondary market trading value of the Value-Referenced Crypto Asset has materially deviated from par with the reference fiat currency during the last 12 months on the Filer’s platform;
  - (j) a brief description of any risks to the client resulting from the trading of a Value-Referenced Crypto Asset or a Crypto Contract in respect of a Value-Referenced Crypto Asset that may not have been distributed in compliance with securities laws;
  - (k) any other risks specific to the Value-Referenced Crypto Asset, including the risks arising from the fact that the Filer may not, and a client does not, have a direct redemption right with the issuer of the Value-Referenced Crypto Asset;

- (l) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the platform;
  - (m) a statement that the statutory rights in section 130.1 of the *Securities Act* (Ontario) and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision;
  - (n) the date on which the information was last updated.
- (4) If the Filer uses the term “stablecoin” or “stablecoins” in any information, communication, advertising or social media related to the Platform and targeted at or accessible by Canadian investors, the Filer will also include the following statement (or a link to the following statement when impractical to include):
  - (5) “Although the term “stablecoin” is commonly used, there is no guarantee that the asset will maintain a stable value in relation to the value of the reference asset when traded on secondary markets or that the reserve of assets, if there is one, will be adequate to satisfy all redemptions.”
  - (6) The issuer of the Value-Referenced Crypto Asset has filed an undertaking acceptable to the CSA in substantially the same form as set out in Appendix B of CSA Notice 21-333 *Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients* (CSA SN 21-333).
  - (7) The KYP Policy of the Filer requires the Filer to assess whether the Value-Referenced Crypto Asset or the issuer of the Value-Referenced Crypto Asset satisfies the criteria in sections (1), (2) and (5) of this Appendix on an ongoing basis.
  - (8) The Filer has policies and procedures to facilitate halting or suspending deposits or purchases of the Value-Referenced Crypto Asset, or Crypto Contracts in respect of the Value-Referenced Crypto Asset, as quickly as is commercially reasonable, if the Value-Referenced Crypto Asset no longer satisfies the criteria in sections (1), (2) and (5) of this Appendix.
  - (9) In this Appendix, terms have the meanings set out in Appendix D of CSA SN 21-333.