coinbase CLEARING

DCO EXHIBIT A-1
Coinbase Clearing LLC (the "Company")
Regulatory Compliance Chart

Attach as **Exhibit A-1**, a regulatory compliance chart setting forth each Core Principle and providing citations to the Applicant's relevant rules, policies, and procedures that address each Core Principle, and a brief summary of the manner in which Applicant will comply with each Core Principle.

Regulatory Compliance Chart

Terms used but not defined herein have the meanings ascribed to such terms in the Company Rulebook.

Core Principle #1	Compliance
(A) Compliance ***(i) In general*** To be registered and to maintain registration as a derivatives clearing organization, a derivatives clearing organization shall comply with each core principle described in this paragraph and any requirement that the Commission may impose by rule or regulation pursuant to *section 12a(5)* of this title. ***(ii) Discretion of derivatives clearing organization*** Subject to any rule or regulation prescribed by the Commission, a derivatives clearing organization shall have reasonable discretion in establishing the manner by which the derivatives clearing organization complies with each core principle described in this paragraph.	See the Rulebook of Coinbase Clearing LLC (the "Company") (attached as Exhibit A-2), also referred to herein as the "Company Rulebook," the Compliance Policies Manual (attached to Exhibit A-11), and other Exhibits submitted with the Company's application to be a Derivatives Clearing Organization ("DCO"). The Company structured and maintains its internal operations to meet each relevant core principle of the Commodity Exchange Act. The way in which it meets each core principle is explained in this document, Exhibit A-1, and further detailed in all other Exhibits submitted with the Company's application.

Core Principle #2	Compliance
(B) Financial resources ***(i) In general.*** Each derivatives clearing organization shall have adequate financial, operational, and managerial resources, as determined by the Commission, to discharge each responsibility of the derivatives clearing organization. ***(ii) Minimum amount of financial resources*** Each derivatives clearing organization shall possess financial resources that, at a minimum, exceed the total amount that would— **(I)** enable the organization to meet its financial obligations to its members and participants notwithstanding a default by the member or participant creating the largest financial exposure for that organization in extreme but	See the materials attached to Exhibit B which describe how the Company meets its financial resource obligations.

plausible market conditions; and **(II)** enable the derivatives clearing organization to cover the operating costs of the derivatives clearing organization for a period of 1 year (as calculated on a rolling basis).	

Core Principle #3	Compliance
(C) Participant and product eligibility ***(i) In general*** Each derivatives clearing organization shall establish— **(I)** appropriate admission and continuing eligibility standards (including sufficient financial resources and operational capacity to meet obligations arising from participation in the derivatives clearing organization) for members of, and participants in, the derivatives clearing organization; and **(II)** appropriate standards for determining the eligibility of agreements, contracts, or transactions submitted to the derivatives clearing organization for clearing. ***(ii) Required procedures*** Each derivatives clearing organization shall establish and implement procedures to verify, on an ongoing basis, the compliance of each participation and membership requirement of the derivatives clearing organization. ***(iii) Requirements*** The participation and membership requirements of each derivatives clearing organization shall— **(I)** be objective; **(II)** be publicly disclosed; and **(III)** permit fair and open access.	See Rule 3.2 of the Company Rulebook (Member Agreements, Eligibility Criteria, Classifications and Privileges) and Rule 5.1 (Clearance and Substitution) The Company has detailed requirements to be approved for membership. Once approved, the Company continues to monitor the status of all Participants' compliance in accordance with its Rulebook. The Company applies access criteria in a fair and non-discriminatory manner that is not anti-competitive. The Company provides for fair and open access to all participants who apply. In the event that Company staff decide to decline or condition the Clearing Privileges of an application for admission or to terminate a Person's status as a Member, such Person may request that the Membership Committee reconsider the determination. Upon submission of a Transaction, the Company will conduct a review to ensure that the Transaction is fully collateralized prior to accepting the Transaction for clearing. The Company requires all trades to satisfy the criteria of the Company, including but not limited to applicable risk filters. The Company's criteria will be non-discriminatory across trading venues. All terms of a cleared swap must conform to product specifications established under Company rules.

Core Principle #4	Compliance

(D) Risk management ***(i) In general*** Each derivatives clearing organization shall ensure that the derivatives clearing organization possesses the ability to manage the risks associated with discharging the responsibilities of the derivatives clearing organization through the use of appropriate tools and procedures. ***(ii) Measurement of credit exposure*** Each derivatives clearing organization shall— **(I)** not less than once during each business day of the derivatives clearing organization, measure the credit exposures of the derivatives clearing organization to each member and participant of the derivatives clearing organization; and **(II)** monitor each exposure described in subclause (I) periodically during the business day of the derivatives clearing organization. ***(iii) Limitation of exposure to potential losses from defaults*** Each derivatives clearing organization, through margin requirements and other risk control mechanisms, shall limit the exposure of the derivatives clearing organization to potential losses from defaults by members and participants of the derivatives clearing organization to ensure that— **(I)** the operations of the derivatives clearing organization would not be disrupted; and **(II)** nondefaulting members or participants would not be exposed to losses that nondefaulting members or participants cannot anticipate or control. ***(iv) Margin requirements*** The margin required from each member and participant of a derivatives clearing organization shall be sufficient to cover potential exposures in normal market conditions. ***(v) Requirements regarding models and parameters*** Each model and parameter used in setting margin requirements under clause	See the Enterprise Risk Management Framework (included as Appendix A to Exhibit A-12), the Risk Management Committee Charter (attached to Exhibit O), the Default Management Plan (included as Appendix A to Exhibit G), and Rules 2.7(Risk Management Committee) and 5.7 (Risk Management Actions) of the Company Rulebook. The Company only clears fully collateralized contracts, so the margin requirements and accompanying model and parameter requirements are not currently applicable.

(iv) shall be— **(I)** risk-based; and **(II)** reviewed on a regular basis.	

Core Principle #5	Compliance
(E) Settlement procedures Each derivatives clearing organization shall— **(i)** complete money settlements on a timely basis (but not less frequently than once each business day); **(ii)** employ money settlement arrangements to eliminate or strictly limit the exposure of the derivatives clearing organization to settlement bank risks (including credit and liquidity risks from the use of banks to effect money settlements); **(iii)** ensure that money settlements are final when effected; **(iv)** maintain an accurate record of the flow of funds associated with each money settlement; **(v)** possess the ability to comply with each term and condition of any permitted netting or offset arrangement with any other clearing organization; **(vi)** regarding physical settlements, establish rules that clearly state each obligation of the derivatives clearing organization with respect to physical deliveries; and **(vii)** ensure that each risk arising from an obligation described in clause (vi) is identified and managed.	See Rules 5.2 (Settlement of Contracts) and 5.8 (Finality of Settlements) of the Company Rulebook The Company policies require settlement at least once each business day, though intraday basis (routine or otherwise) is also permissible. The Company will monitor the full range and concentration of its exposures to its Settlement Institution(s) and assess the potential losses and liquidity pressures in the event that the Settlement Institution with the largest share of settlement activity were to fail.

Core Principle #6	Compliance
(F) Treatment of funds **(i) Required standards and procedures**	See Rule 6.2 (Collateral), Rule 6.3 (Segregation of Participant Funds) and Rule 6.5 (Investment of Participant Funds) of the Company Rulebook

Each derivatives clearing organization shall establish standards and procedures that are designed to protect and ensure the safety of member and participant funds and assets. **(ii) Holding of funds and assets** Each derivatives clearing organization shall hold member and participant funds and assets in a manner by which to minimize the risk of loss or of delay in the access by the derivatives clearing organization to the assets and funds. **(iii) Permissible investments** Funds and assets invested by a derivatives clearing organization shall be held in instruments with minimal credit, market, and liquidity risks.	The Company ensures the safety of Participant funds and assets by requiring that all Participant funds are kept separate from the Company funds and from the funds of all other Platforms in accordance with Rule 6.3 (Segregation of Participant Funds). The Company holds Participant collateral in a financial institution in a manner which minimizes the risk of loss or of delay in access by the Company to such funds and in a manner consistent with the CEA and CFTC Regulations. The policies and procedures surrounding the investment of Participant funds require the funds to be managed consistent with the standards and requirements of the applicable CFTC Regulations and with the objectives of preserving principal and maintaining liquidity.

Core Principle #7	Compliance
(G) Default rules and procedures ***(i) In general*** Each derivatives clearing organization shall have rules and procedures designed to allow for the efficient, fair, and safe management of events during which members or participants— **(I)** become insolvent; or **(II)** otherwise default on the obligations of the members or participants to the derivatives clearing organization. ***(ii) Default procedures*** Each derivatives clearing organization shall— **(I)** clearly state the default procedures of the derivatives clearing organization; **(II)** make publicly available the default rules of the derivatives clearing organization; and	See the Default Management Plan (included as Appendix A to Exhibit G) and the Enterprise Risk Management Framework (included as Appendix A to Exhibit A-12) The Company only clears fully collateralized trades which ensures that the Company does not face exposure to Participant insolvency or default.

(III) ensure that the derivatives clearing organization may take timely action— **(aa)** to contain losses and liquidity pressures; and **(bb)** to continue meeting each obligation of the derivatives clearing organization.	

Core Principle #8	Compliance
(H) Rule enforcement Each derivatives clearing organization shall— **(i)** maintain adequate arrangements and resources for— **(I)** the effective monitoring and enforcement of compliance with the rules of the derivatives clearing organization; and **(II)** the resolution of disputes; **(ii)** have the authority and ability to discipline, limit, suspend, or terminate the activities of a member or participant due to a violation by the member or participant of any rule of the derivatives clearing organization; and **(iii)** report to the Commission regarding rule enforcement activities and sanctions imposed against members and participants as provided in clause (ii).	See Chapter 8 (Discipline and Enforcement) of the Company Rulebook

Core Principle #9	Compliance
(I) System safeguards Each derivatives clearing organization shall— **(i)** establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures, and automated systems, that are reliable, secure, and have adequate scalable capacity; **(ii)** establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allows for—	The Company's program of risk analysis and oversight, including emergency procedures and periodic testing requirements, are described in the materials submitted with Exhibit I.

(I) the timely recovery and resumption of operations of the derivatives clearing organization; and **(II)** the fulfillment of each obligation and responsibility of the derivatives clearing organization; and **(iii)** periodically conduct tests to verify that the backup resources of the derivatives clearing organization are sufficient to ensure daily processing, clearing, and settlement.	

Core Principle #10	Compliance
(J) Reporting Each derivatives clearing organization shall provide to the Commission all information that the Commission determines to be necessary to conduct oversight of the derivatives clearing organization.	See Rules 5.6 (Swap Data Reporting); 8.10 (Reporting Violations to the Commission); and 8.10 (Reporting Offenses to the Comission) of the Company Rulebook The Company shall provide all information determined by the Commission to be necessary to conduct oversight of the Company.

Core Principle #11	Compliance
(K) Recordkeeping Each derivatives clearing organization shall maintain records of all activities related to the business of the derivatives clearing organization as a derivatives clearing organization— (i) in a form and manner that is acceptable to the Commission; and (ii) for a period of not less than 5 years.	See Rule 2.12 (Recordkeeping) of the Company Rulebook The Company shall keep complete and accurate books and records of accounts and activities of the Company, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC Regulations.

Core Principle #12	Compliance

(L) Public information ***(i) In general*** Each derivatives clearing organization shall provide to market participants sufficient information to enable the market participants to identify and evaluate accurately the risks and costs associated with using the services of the derivatives clearing organization. ***(ii) Availability of information*** Each derivatives clearing organization shall make information concerning the rules and operating and default procedures governing the clearing and settlement systems of the derivatives clearing organization available to market participants. ***(iii) Public disclosure*** Each derivatives clearing organization shall disclose publicly and to the Commission information concerning— **(I)** the terms and conditions of each contract, agreement, and transaction cleared and settled by the derivatives clearing organization; **(II)** each clearing and other fee that the derivatives clearing organization charges the members and participants of the derivatives clearing organization; **(III)** the margin-setting methodology, and the size and composition, of the financial resource package of the derivatives clearing organization; **(IV)** daily settlement prices, volume, and open interest for each contract settled or cleared by the derivatives clearing organization; and **(V)** any other matter relevant to participation in the settlement and clearing activities of the derivatives clearing organization.	See Rule 2.14 (Public Information) of the Company Rulebook The Company Rulebook will be available on the Company's website for the public to view. The Company also posts publicly on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for actively traded Contracts. This information is available to the public on the Company's website.

Core Principle #13	Compliance
(M) Information-sharing	See Rule 2.13 (Information-Sharing Agreements) of the Company Rulebook

Each derivatives clearing organization shall— **(i)** enter into, and abide by the terms of, each appropriate and applicable domestic and international information-sharing agreement; and **(ii)** use relevant information obtained from each agreement described in clause (i) in carrying out the risk management program of the derivatives clearing organization.	

Core Principle #14	Compliance
(N) Antitrust considerations Unless necessary or appropriate to achieve the purposes of this chapter, a derivatives clearing organization shall not— **(i)** adopt any rule or take any action that results in any unreasonable restraint of trade; or **(ii)** impose any material anticompetitive burden.	The Company and its Employees are required to comply with the antitrust and unfair competition laws of the United States and any other countries in which the Company does business. See Section 13 of the Compliance Policies Manual, attached to Exhibit A-11.

Core Principle #15	Compliance
(O) Governance fitness standards **(i)** Governance arrangements Each derivatives clearing organization shall establish governance arrangements that are transparent— **(I)** to fulfill public interest requirements; and **(II)** to permit the consideration of the views of owners and participants. **(ii)** Fitness standards Each derivatives clearing organization shall establish and enforce appropriate fitness standards for— **(I)** directors; **(II)** members of any disciplinary committee;	See Rules 2.4 (Eligibility and Fitness); 2.11 (Conflicts of Interest); and 3.2 (Member Agreements, Eligibility Criteria, Classifications and Privileges) of the Company Rulebook.

(III) members of the derivatives clearing organization; **(IV)** any other individual or entity with direct access to the settlement or clearing activities of the derivatives clearing organization; and **(V)** any party affiliated with any individual or entity described in this clause.	

Core Principle #16	Compliance
(P) Conflicts of interest Each derivatives clearing organization shall— ***(i)*** establish and enforce rules to minimize conflicts of interest in the decision-making process of the derivatives clearing organization; and ***(ii)*** establish a process for resolving conflicts of interest described in clause (i).	See Rule 2.11 of the Company Rulebook; Sections 14 and 15 of the Compliance Policies Manual, attached to Exhibit A-11; and the Conflict of Interest Policy attached as Appendix A to Exhibit P.

Core Principle #17	Compliance
(Q) Composition of governing boards Each derivatives clearing organization shall ensure that the composition of the governing board or committee of the derivatives clearing organization includes market participants.	See Rules 2.2 (Board); 2.5 (Committees and Subcommittees); 2.6 (Regulatory Oversight Committee); 2.7 (Risk Management Committee); 2.8 (Membership Committee); and 2.9 (Disciplinary Panel and Appeals Committee) of the Company Rulebook.

Core Principle #18	Compliance
(R) Legal risk Each derivatives clearing organization shall have a well-founded, transparent, and enforceable legal framework for each aspect of the activities of the derivatives clearing organization.	See Section 15(E) of the Compliance Policies Manual, attached to Exhibit A-11, and the Legal Risk Considerations Policies and Procedures attached as Appendix A to Exhibit R.