coinbase

To:

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
1155 21st St NW
Washington, DC 20581

July 31, 2026

Notice of Proposed Rulemaking — RIN 3038-AF73 Data Reporting Requirements for Certain Event Contracts

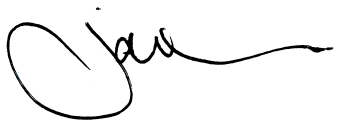
Coinbase Derivatives, LLC ("**CDE**" and together with its affiliates, "**Coinbase**") appreciates the opportunity to respond to the notice of proposed rulemaking ("**NPRM**") published by the Commodity Futures Trading Commission ("**CFTC**" or the "**Commission**")[1] regarding the reporting of event contract data.

We applaud the Commission for codifying well-settled staff no-action relief in rule form. The CFTC's proposal would establish a comprehensive, rules-based approach to event contract data reporting. The regulatory certainty the NPRM brings will facilitate improved data reporting and, as a result, regulatory transparency in a manner that preserves both registrant and Commission resources.

Prediction markets are growing rapidly, and the CFTC needs sufficient data to monitor trading activity in increasingly complex markets. As prediction markets mature, clear rules governing event contract data reporting will be increasingly important.

In this letter, we (i) express our support for several specific provisions in the NPRM and (ii) recommend the CFTC revise one provision in the NPRM to avoid unnecessary duplication by permitting future commission merchants ("**FCMs**") to collect customer information on behalf of designated contract markets ("**DCMs**").

We look forward to working with the Commission on these issues.



Jane Downey
Chief Regulatory Officer
Coinbase Derivatives, LLC

[1] Data Reporting Requirements for Certain Event Contracts, 91 Fed. Reg. 40102 (July 1, 2026).

Introduction

Coinbase strongly supports the NPRM and supports its prompt adoption as a final rule.

We agree with the Commission's assessment that the "ad hoc no-action letter process is an inefficient approach to a recurrent issue that is best addressed through rulemaking."[2] The NPRM will replace the current ad hoc, no-action letter process with comprehensive regulations regarding event contract data reporting. If the Commission adopts the amendments as proposed, current and future registrants will be able to rely on uniform rules, which will promote transparency and predictability.

As described below, Coinbase also believes that one technical change to the NPRM would substantially reduce administrative burdens without reducing the CFTC's access to the information it needs. Specifically, the CFTC should not require DCMs that offer a combination of intermediated and non-intermediated trading to collect customer information from both their individual participants and the customers of their FCM participants. Instead, consistent with the current practice in futures and options markets, the CFTC should allow DCMs to rely on their FCM participants to collect information from intermediated customers. Specifically, the CFTC should allow DCMs to satisfy their obligation to obtain customer information by maintaining rules and procedures that require their FCM participants to provide specified customer information promptly upon request.

CDE is a CFTC-registered DCM. Our comments to the NPRM are based on our experience operating in the regulated derivatives markets, including prediction markets. Coinbase appreciates the Commission's engagement on these important issues and the opportunity to provide the following comments.

The NPRM would increase transparency and predictability

The CFTC correctly recognizes that the futures and options data reporting framework under Parts 15 through 18 of the Commission's regulations is more appropriate for fully collateralized event contracts than the swaps data reporting framework under Parts 43, 45 and 49.

As the Commission notes in its NPRM, event contracts are similar to futures and options because they have highly standardized terms, exchange-trading protocols and fungibility. The Commission's codification of the application of Parts 15 through 18 to fully collateralized event contracts will allow current and future registrants to proceed with the certainty that event contracts will continue to be subject to the appropriate data reporting framework.

[2] *Id.* at 40105.

The large trader reporting threshold of 125,000 contracts is appropriate

Coinbase also supports the CFTC's proposed 125,000-contract threshold for large trader reporting of Covered Event Contracts (as defined in the NPRM). The Commission's large trader reporting rules require DCMs, FCMs, clearing members and foreign brokers to report information with respect to positions in open contracts in futures and options. For event contracts, the Commission proposes to require large trader reporting for traders that have an end-of-day position with a notional value of $125,000 (i.e., 125,000 contracts). Coinbase agrees that the proposed reporting threshold will exclude the vast majority of retail traders from large trader reporting, reducing unnecessary regulatory burdens on participants, registered entities, and the Commission.

Proposed § 16.03(g) should be revised to build on customer due diligence already undertaken by FCMs

Proposed § 16.03(g) would require DCMs to obtain from all customers, for any Covered Event Contract:

> data that identifies each trader, by name, physical address, email address, phone number, occupation, employer, and, if any other persons guarantee the trading accounts of the trader or have a financial interest of 10 percent or more in the trader or the trading accounts of the trader, the names of such persons, for each transaction or order for the Covered Event Contract and shall maintain such data throughout the life of the Covered Event Contract and for a period of at least five years following the final termination of the Covered Event Contract.

In the NPRM, the Commission acknowledges that, in futures and options markets, the Commission specifically chose not to impose an obligation on DCMs to collect trader-identifying information because "all contracts on DCMs are funneled through clearing members that also are subject to the large trader reporting rules."[3] In contrast, the NPRM notes that event contract markets, unlike futures and options markets, are frequently non-intermediated, and given the 125,000-contract threshold for large trader reporting, the CFTC will obtain less ownership and control data.

However, the proposed rule text above fails to make clear that, for intermediated customers, FCMs — not DCMs — collect customer information under existing Commission, Treasury Department, and NFA rules, just as they do in futures and options markets.[4] A rule that requires DCMs to collect the same information for intermediated

[3] *Id.* at 40112.
[4] *See* 17 C.F.R. § 1.37; 31 C.F.R. § 1010.230; 31 C.F.R. § 1026.220; NFA Compliance Rule 2-30; *see also* 17 C.F.R. Part 17, appendix A (Form 102); 17 C.F.R. Part 18, appendix A (Form 40).

customers would be unnecessarily duplicative and impose unnecessary regulatory burdens with limited, or no, appreciable public policy benefit. The Commission also assumes, without evidence, that "DCMs listing Covered Event Contracts generally already collect trader-identifying information for both intermediated and non-intermediated customers."[5] That assumption is difficult to reconcile with the Commission's recognition that "while DCMs are required to collect information on the employment and occupation of all traders under the [NPRM], there is not an automatic mechanism similar to Forms 102A and 102B to transmit this information to the Commission."[6] If no such standardized transmission mechanism exists today, then requiring DCMs to obtain and retain this information for intermediated accounts would require new FCM-to-DCM data architecture, systems changes, testing, and maintenance. In that circumstance, the additional costs to DCMs cannot fairly be characterized as "de minimis."[7] To increase efficiency and reduce regulatory burdens, the CFTC should allow DCMs to satisfy their obligation to obtain customer information by maintaining rules and procedures that require their FCM participants to provide the DCM with specified customer information promptly upon request. We believe this approach addresses the Commission's stated policy objectives in a more efficient and targeted manner.

[5] NPRM, 91 Fed. Reg. at 40112.
[6] *Id*. at 40121.
[7] *Id*. at 40119.