coinbase INSTITUTIONAL

Custody with Coinbase Prime: Secure your digital assets

Qualified custody with battle-tested security

- **Custody vault wallets** combine cold storage and multiparty computation technologies
- **Easily stake assets** for additional yield opportunities
- **Flexible options to participate in governance** within Coinbase Prime's UI

Our four-pillar approach to securing clients' cryptocurrency

Cultivate a culture of trust. At Coinbase, we have created a security-minded work environment that demands all employees and partners engage in positive security habits.

Nail the basics. By focusing on building a strong foundation first, we invest in security from the basic to the more complex, keeping in mind the specific challenges of blockchains and smart contracts.

Anticipate advanced adversaries. We understand that we are a tempting target for attackers and plan and prepare for well-funded and highly sophisticated adversaries.

Raise the bar for security. We invest in top talent, tooling, and research to ensure we are proactively addressing developing threats.

Coinbase vault storage: cold storage and more for institutions

Our Coinbase vault storage solution secures your assets with a comprehensive system combining physical security, consensus computation, and strict process controls. It's a solution that goes beyond consumer-grade hardware wallets. Our systems are designed for multi-user operations, ensuring that no one can act maliciously or be coerced into executing unauthorized transactions and instructions.

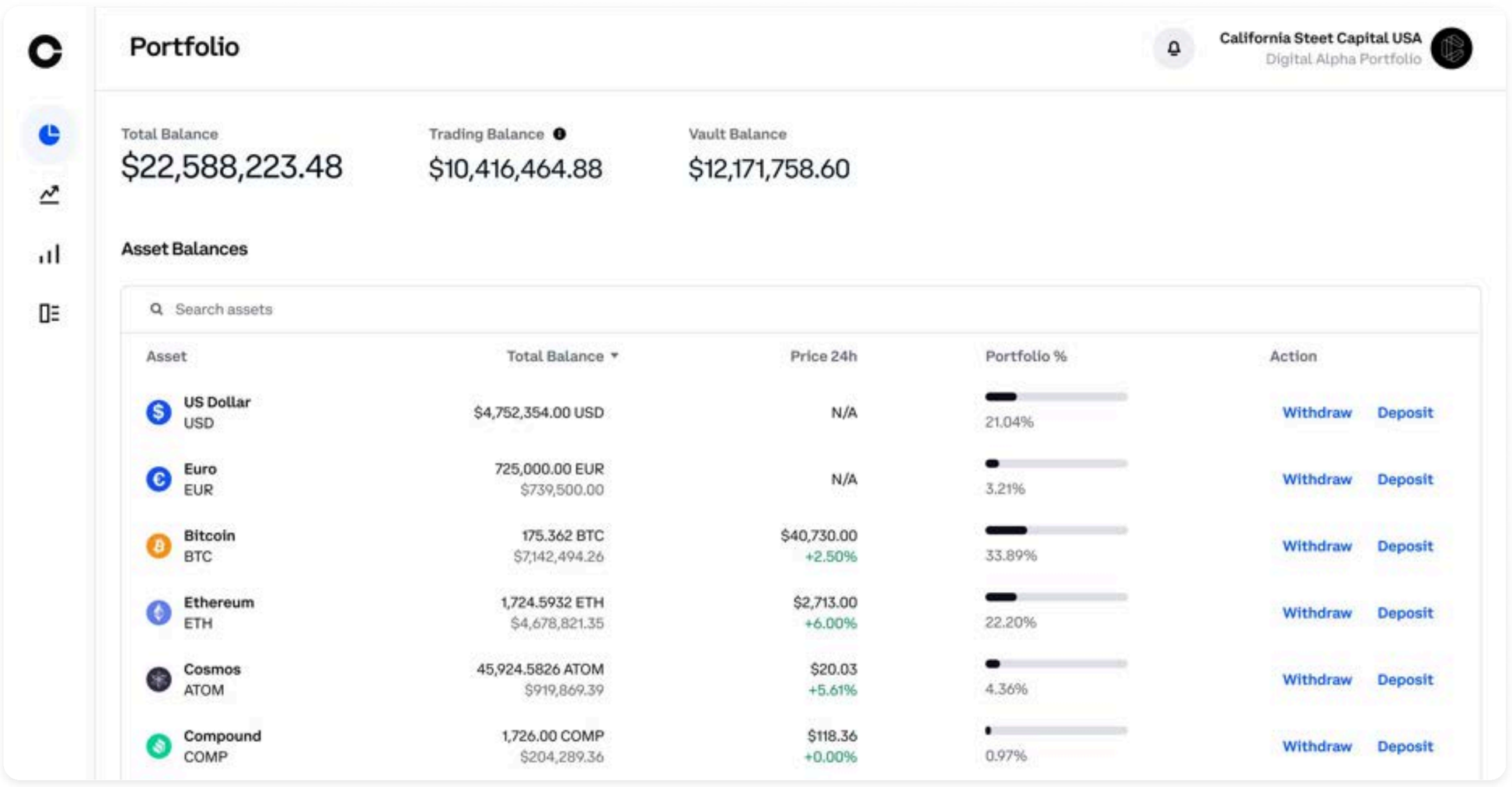
Your private keys are secured using the best of distributed cold storage as well as advances in multiparty computation technology. Once a cold storage address has been used (burned), we automatically sweep deposits into the newest cold address available. When your assets are in the vault, they are secured physically and logically, since all movement is coordinated, monitored, and audited.

Our technologies ensure that private keys are never stored in a full, usable format. Transactions can only be signed at the last possible moment. We don't keep any keys in a single location. Only through coordination of multiple globally distributed individuals who bring partial key material online at clients' requests can any process begin.

Our designs ensure that clients can complete signing activities only within Coinbase's secure, internet-isolated production network. This way Coinbase and our clients are always in control of their assets.

↘ Multiparty computation

Multiparty computation (MPC) is an advanced cryptography technology that protects private keys, reducing the potential for key theft or misuse. MPC allows multiple parties to verify a computation based on their combined data, without revealing any of the inputs used. It adds a layer of security to keep private keys safe.



How to stake your assets with Coinbase Prime

The crypto ecosystem continues to become more active and participatory, evolving from an asset class to a fully-fledged economy of its own. Rather than simply storing crypto assets in wallets, many long-term crypto holders view staking as a way of making their assets work for them by generating rewards while contributing towards securing the network.

At Coinbase, we offer our clients multiple secure and seamless staking options:

Traditional staking

Traditional staking is a way to earn rewards by contributing to the security and efficiency of a blockchain. By staking funds, token holders make the blockchain more resistant to attacks and strengthen its ability to process transactions. In return for staking their assets to a blockchain, the token holder earns rewards.

a. Stake to a shared Coinbase seamlessly through Coinbase Prime's vault storage; or
b. Stake to your own private dedicated validator through Coinbase.

Liquid staking

Liquid staking is a rapidly growing alternative to traditional staking. While traditional is subject to (1) bonding and unbonding periods (ranging from days to weeks) after unstaking and (2) "locked" staked assets (i.e., staked assets cannot be traded, transferred, etc. until they are unstaked), liquid staking provides stakers with increased liquidity and capital efficiency. Token holders stake their token and receive a receipt token as evidence of their ownership of their staked token. The receipt token can be transferred, stored, traded, and utilized in DeFi or supported dapps.

Our approach prioritizes protecting your assets

TRADITIONAL STAKING

At Coinbase, we prioritize the security of our clients' assets throughout all stages of staking, from cold storage to running reliable validators through our very own Coinbase Cloud services. We are a qualified custodian backed by industry-leading insurance and regularly undergo SOC 1 Type 2 as well as SOC 2 Type 2 audits by Deloitte & Touche.

Our holistic security design utilizes a combination of people, process, and technology controls to cryptographically sign and broadcast instructions onto a public blockchain. Coinbase Prime's vault storage is backed by a combination of cold storage and multiparty computation (MPC) technologies that ensure only authorized withdrawal and redemption instructions are processed. We continually invest in improving our security processes and tooling to prioritize protecting our clients' assets.

Multiparty computation

Multiparty computation (MPC) is an advanced cryptography technology that protects private keys, reducing the potential for key theft or misuse. MPC allows multiple parties to verify a computation based on their combined data, without revealing any of the inputs used. It adds a layer of security to keep private keys secure.

LIQUID STAKING

There is a dire need for an industry-wide enterprise-grade standard in liquid staking. While there are many other liquid staking providers with liquid receipt tokens, they do not offer the deep liquidity that institutional investors need. We saw a parallel situation occur in 2018 when exchanges were rushing to create their own, unique stablecoins. Notably, none of those stablecoins gained any traction, until the creation of USDC.

We hope to do the same for the liquid staking market by partnering with industry-leading integrators, validators, and protocols to create a multi-chain liquid staking standard. Our goal is to address the need for the highest guarantees of security and KYC/AML checks for institutions and regulated entities to meet regulatory obligations and best practices while unlocking new liquidity and increased capital efficiency on leading proof of stake blockchains. This is all in addition to the protections (outlined above) we provide for traditional staking.

At this time, we have partnered with Liquid Collective to provide liquid staking solutions for our institutional clients. Liquid Collective provides a multi-chain protocol, built and run by a collective of leading web3 teams. The Liquid Collective is stewarded by an independent industry consortium, which includes Coinbase, Coinbase Cloud, The Liquid Foundation, Alluvial, Figment, Kiln, Kraken, Staked, and other web3 industry participants.

Staking options

Coinbase clients are able to stake a variety of assets through Coinbase Prime's vault storage and decide where they would like to stake. Alternatively, for certain assets, clients can use liquid staking to improve their capital efficiency and liquidity. Liquid staked assets are minted by a smart contract with the protocol. The flow and functionality for staking may vary for some assets. The table below outlines which assets are supported (depending on custody entity and client jurisdiction), as well as what functionality is allowed or enabled for each asset.

Asset	To a single address	To multiple addresses	Partial amount allowed	Change validator	Unstake and withdrawal	Restake rewards
Akash Network (AKT)	Yes	No	No	Yes	Automatic[1]	No[2]
Aptos (APT)	Yes	No	No	No	Yes	Automatic
Avalanche (AVAX)	Yes	No	No	No	Automatic[1]	No[2]
Axelar (AXL)	Yes	No	No	No	Yes	Manual
Cardano (ADA)	Yes	No	No	Yes	Yes	Automatic
Celestia (TIA)	Yes	No	No	Yes	Yes	No
Cosmos (ATOM)	Yes	No	No	Yes	Yes	Manual
Ethereum (ETH)	Yes	Yes	Yes (but must be in multiples of 32)	No	Yes	Manual
Liquid Staked Ethereum (LsETH)	N/A	N/A	No	N/A	Yes	Automatic
Near Protocol (NEAR)	Yes	No	No	No	Yes	Automatic
Polkadot (DOT)	Yes	Yes	Yes	Yes	Yes	Automatic

[1.] Upon completion of staking period.

[2.] To stake earned rewards, wait until the end of staking period and stake again.

Staking options

Coinbase clients are able to stake a variety of assets through Coinbase Prime's vault storage and decide where they would like to stake. Alternatively, for certain assets, clients can use liquid staking to improve their capital efficiency and liquidity. Liquid staked assets are minted by a smart contract with the protocol. The flow and functionality for staking may vary for some assets. The table below outlines which assets are supported (depending on custody entity and client jurisdiction), as well as what functionality is allowed or enabled for each asset.

Asset	To a single address	To multiple addresses	Partial amount allowed	Change validator	Unstake and withdrawal	Restake rewards
Solana (SOL)	Yes	No	No	No	Yes	Automatic
SUI (SUI)	Yes	No	No	No	Yes	Automatic
Tezos (XTZ)	Yes	No	No	No	Yes	Automatic
Aleo (ALEO)	Yes	No	No	No	Yes	Automatic
ZetaChain (ZETACHAIN)	Yes	No	No	Yes	Yes	Manual

[1.] Upon completion of staking period.

[2.] To stake earned rewards, wait until the end of staking period and stake again.

Coinbase Prime supports 430+ assets for custody

Traditional staking options

Our clients have access to two secure and seamless staking options. You can stake to a shared Coinbase or third-party validator through Coinbase Prime's vault storage. Or you can stake to your own private dedicated validator through Coinbase or a third party.

If you have validator customization requirements, we can run your private validators, which has additional advantages. If interested, inquire with the team at sales@coinbase.com.

Setting up staking

Only users with Initiator or Authorized Signatory roles will be able to set up staking. First, ensure you have the proper permissions and roles to get started. Afterward, the initial staking setup can be accessed from the Portfolio tab by clicking on the asset you would like to stake. There are two easy ways to start staking:

1. Click on "Getting Started."
2. Click on the three dots to the right of a wallet and select "Stake."

Note: Polkadot (DOT) is the only asset that allows a portion of the wallet balance to be staked. For the other assets, the entire wallet balance would need to be staked. If you only want to allocate a portion of your funds to staking, we recommend setting up multiple wallets to reflect these preferences.

Custody: **Staking**

Pricing

When staking to a shared Coinbase validator, fees are automatically deducted at the protocol level, except for Ethereum, where staking fees are invoiced separately.

- 6% for Axelar
- 8% for Solana, Polkadot, and Polygon
- 10% for Ethereum, Near, and Sui
- 15% for Liquid Staked Ethereum (deducted at the protocol level)
- 20% for Cosmos and Tezos
- No fee for Celo

In traditional staking, if you are delegating to a Coinbase Cloud or Coinbase Custody validator, the fee rates are determined by Coinbase Cloud or Coinbase Custody, respectively.

Each validator may choose to charge their own commission fee. If you choose to delegate to a validator other than Coinbase Cloud, you may be charged a different rate.

When you use liquid staking through the Liquid Collective protocol, fee rates are determined by the Liquid Collective protocol and standardized at the entire network level.

Running a private validator

If you have validator customization requirements, we have the ability to help you run your own dedicated validator via Coinbase Cloud, which has various additional advantages. If interested, inquire with the team at sales@coinbase.com.

Staking economics by asset

There are many features of staking a particular asset that should factor into your staking strategies, such as reward rate, minimum requirements, and more. Reward mechanisms will vary by the dynamics of each protocol, which is why it is important to note the differences. Below is an overview of assets with staking supported by Coinbase Prime's vault storage along with their staking economics.

Asset	Delegation minimum requirement	Staking minimum to run a dedicated validator	Estimated reward payout frequency	Delegator reward compound	Unbonding period	Risk of slashing
Akash Network (AKT)	1uAKT	47,285 AKT	TBD	Manual	21 days	Yes
Aptos (APT)	11 APT	1M APT	Epoch 2 hours	Automatic	30 day lock up period	Yes
Avalanche (AVAX)	25 AVAX Delegation is not supported on Prime	2,000 AVAX	Lump sum at the end of client-specified staking period	None	None	**No** risk of slashing to principal, but rewards could be lost in case of low validator uptime
Axelar (AXL)	10 AXL	Validators are ranked by stake; the top 50 are chosen	Block 6 seconds	Manual	7 days	Yes
Cardano (ADA)	None	2 ADA	15-20 days	Manual	None	No
Celestia (TIA)	1 TIA	1 TIA	Epoch 24 hours	Automatic	21 days	Yes
Cosmos (ATOM)	1 ATOM	65,000 ATOM	Block 7 seconds	Manual	21 days	**Yes,** however slashing risk is covered by Coinbase
Ethereum (ETH)	N/A	32 ETH	Epoch 6.4 min	N/A	TBD	Yes
Liquid Staked Ethereum (LsETH)	0.001 ETH[1]	N/A	**N/A** Liquid Collective conversion rate updates daily, representing how much users can claim	Automatic	N/A	**Yes.** However, Liquid Collective has a robust slashing coverage program.
Near Protocol (NEAR)	0.1 NEAR	20,506 NEAR	Epoch 12-15 hours	Automatic	~3 days	No
Polkadot (DOT)	80 DOT	1,800,000 DOT	Era 24 hours	User choice of automatic or manual	28 days	Yes

1. 0.001 ETH is the staking minimum for LsETH but it is not delegating to a validator directly; this minimum is for depositing to the Liquid Collective smart contract, which then stakes the ETH with validators.

Definitions

Delegation minimum requirement: The protocol-mandated minimum number of tokens required to delegate to a public shared validator.

Estimated reward rate: A function of the protocol's mandated inflation rate divided by the staking rate. Reward rates are dynamic. Please check with the sales team for the latest reward rate.

Delegator reward compound: Whether our public shared validators automatically compound rewards vs. delegators having to manually restake.

Staking minimum requirement: The protocol-mandated minimum number of tokens for a node to be in the Active Set and earn rewards.

Custody: **Staking**

Asset	Delegation minimum requirement	Staking minimum to run a dedicated validator	Estimated reward payout frequency	Delegator reward compound	Unbonding period	Risk of slashing
Solana (SOL)	1 SOL	None	Epoch 2 days	Automatic	2-4 days	No
SUI (SUI)	1 SUI	1 SUI	Epoch 24 hours	Automatic	N/A	No
Tezos (XTZ)	None	8,000 XTZ	Block 30 seconds	Automatic	6 days	**Yes.** However, slashing risk is covered by Coinbase.
Aleo (ALEO)	10 ALEO - may vary	1M ALEO - may vary	Block 30 seconds	Earned rewards are automatically staked	1-2 days	Yes
ZetaChain (ZETACHAIN)	1 ZETA - may vary	n/a	Depends on network conditions and batching of rewards	Manual	21 days	Yes

Definitions

Delegation minimum requirement: The protocol-mandated minimum number of tokens required to delegate to a public shared validator.

Estimated reward rate: A function of the protocol's mandated inflation rate divided by the staking rate. Reward rates are dynamic. Please check with the sales team for the latest reward rate.

Delegator reward compound: Whether our public shared validators automatically compound rewards vs. delegators having to manually restake.

Staking minimum requirement: The protocol-mandated minimum number of tokens for a node to be in the Active Set and earn rewards.

How to participate in governance

Coinbase Prime clients have the option of manual voting (voting directly on proposals) or delegate voting (delegating votes to a third party either on-chain or via snapshot). Both have been optimized for security and ease of use; your tokens will not leave our cold storage, and you'll have access to them.

Delegate voting options

Delegate voting can be on-chain, off-chain, or both, depending on what an asset issuer supports. Snapshot voting is an off-chain, gas-less voting system in which clients can delegate their votes for tokens that do not need their own governance systems.

Assets supported for governance[1]

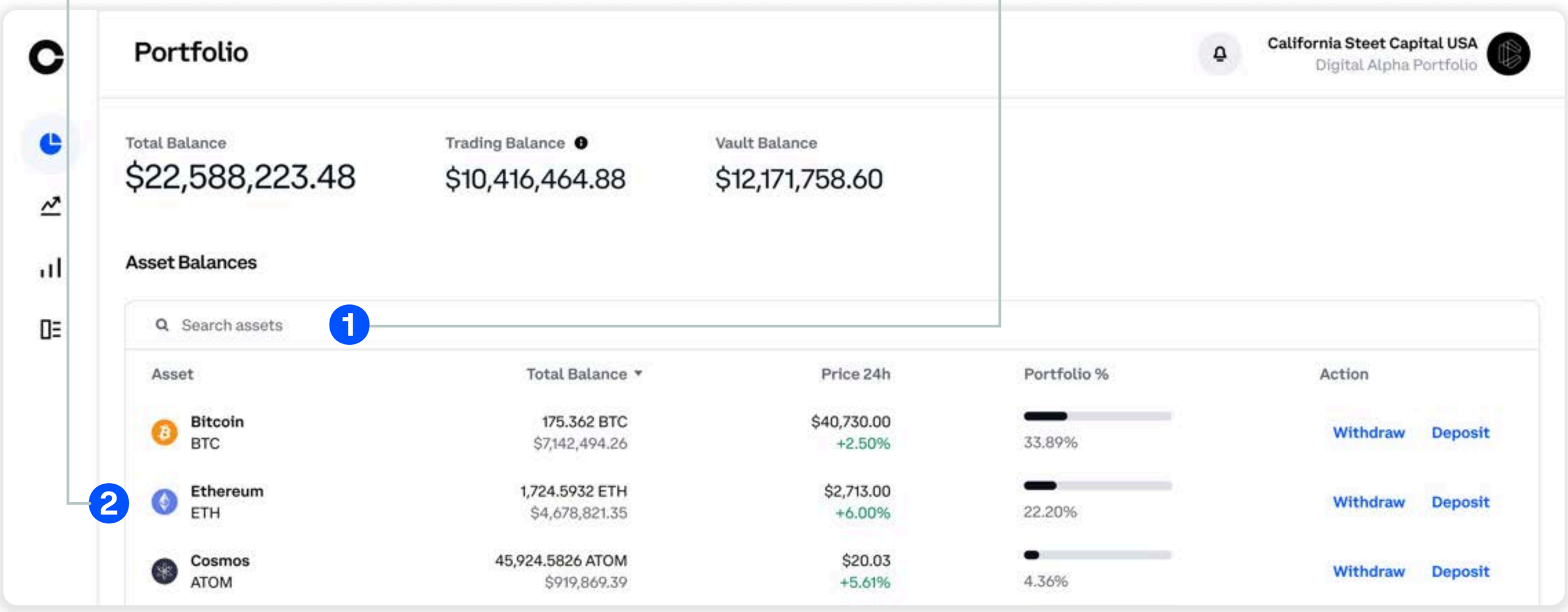
Asset	Vote directly in Coinbase Prime	Delegate vote on-chain	Delegate vote via snapshot
Aave (AAVE)	✓	✓	–
Apecoin (APE)	–	–	✓
Arbitrum (ARB)	–	–	✓
Blur (BLUR)	–	✓	✓
Compound (COMP)	✓	✓	–
Gitcoin (GTC)	✓	✓	–
Optimism (OP)	–	–	✓
Uniswap (UNI)	✓	✓	–
00 Token (00)	–	–	✓

[1] Asset availability depends on entity and client jurisdiction

Start at the Portfolio tab

Click the Portfolio tab to begin. It's where you land after you log in to Coinbase Prime.

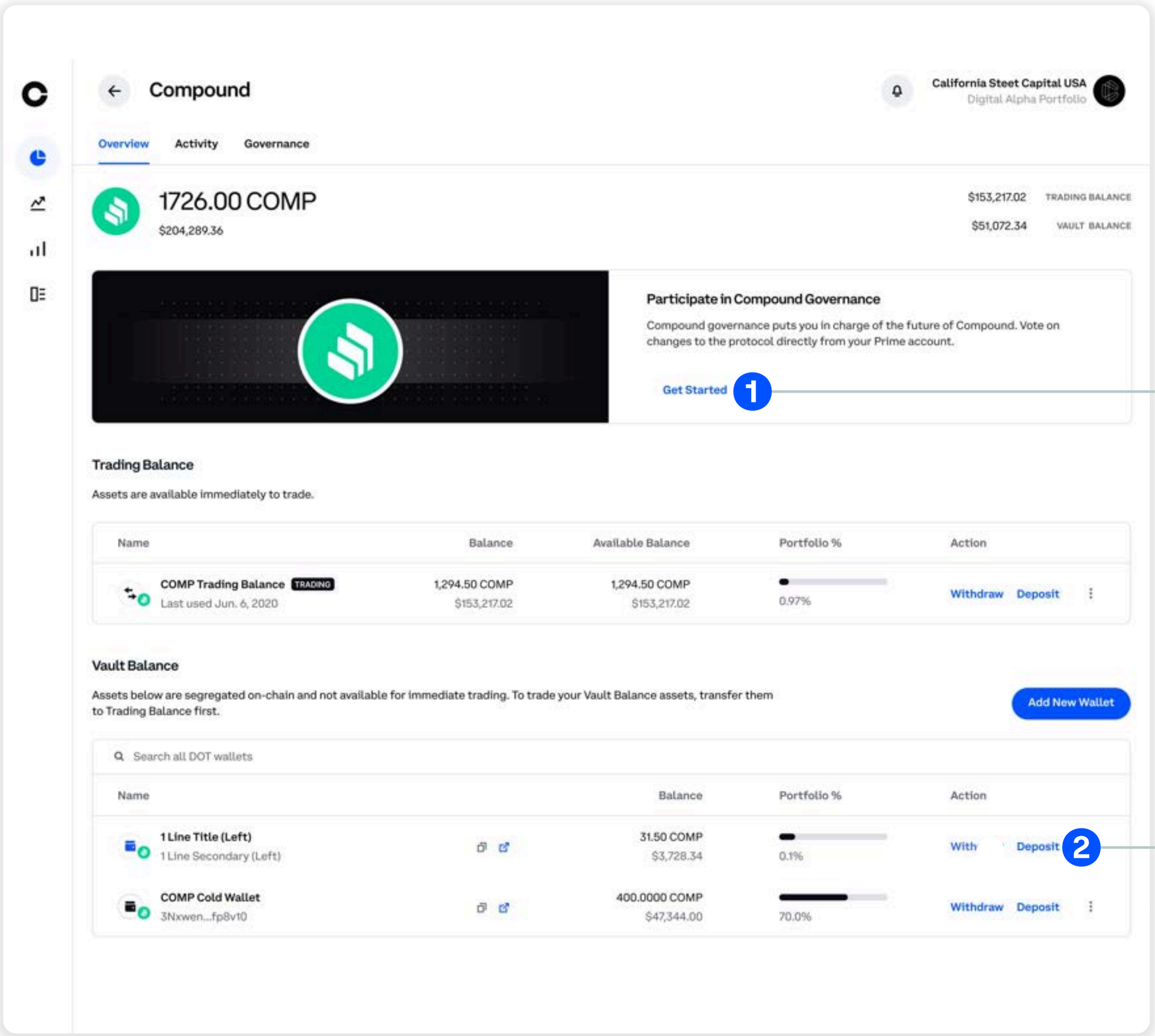
1. Use the search box to find the asset that you would like to set up governance for.
2. Click on the asset, then select the Governance tab.



Note: Only users with Initiator or Authorized Signatory roles will be able to set up voting.

Enable Voting

Once you navigate to the asset page, you can set up voting in two ways:



1. Click on Get Started.
2. Click on the three dots to the right of a wallet and select Set Up Voting.

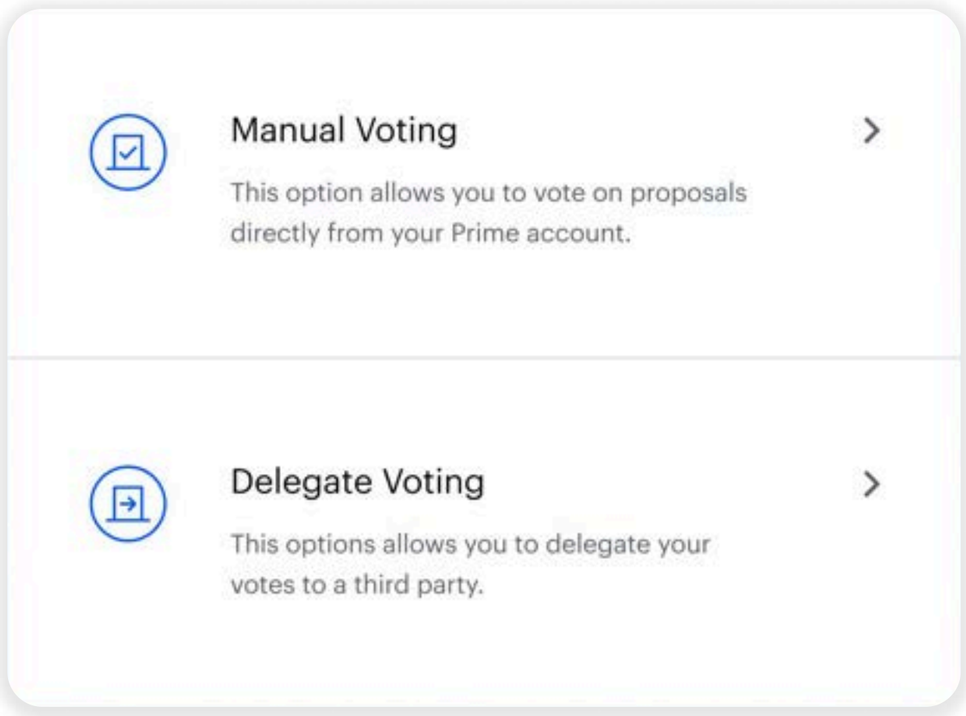
Note: Only users with Initiator or Authorized Signatory roles will be able to set up voting.

A quick note

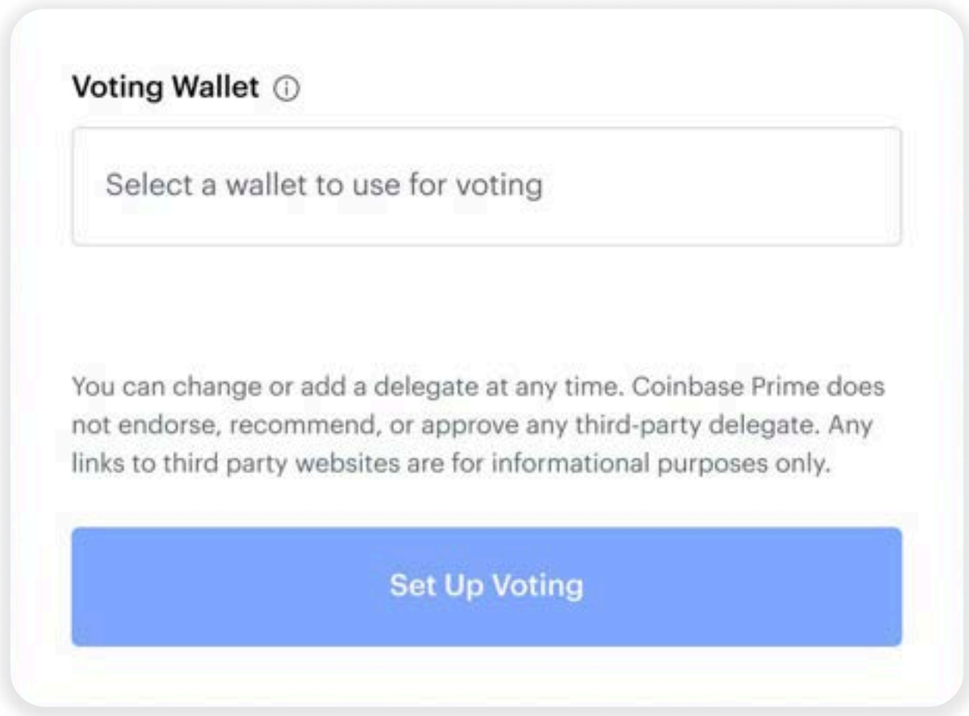
Funds allocated to voting are allocated at the wallet level. If you only want to allocate a portion of your funds to voting or would like to use a combination of manual and delegate voting, we recommend setting up multiple wallets at this stage to reflect those preferences. You can do so by clicking the blue Add New Wallet button.

Setting up Manual Voting

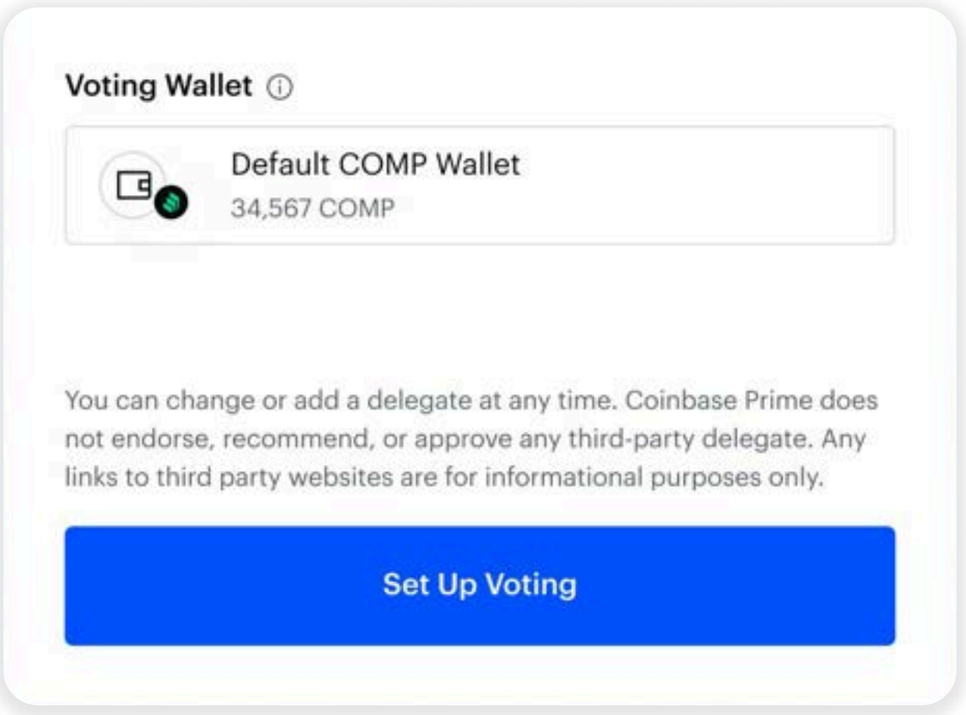
1. From the initial voting modal, click on Manual Voting.



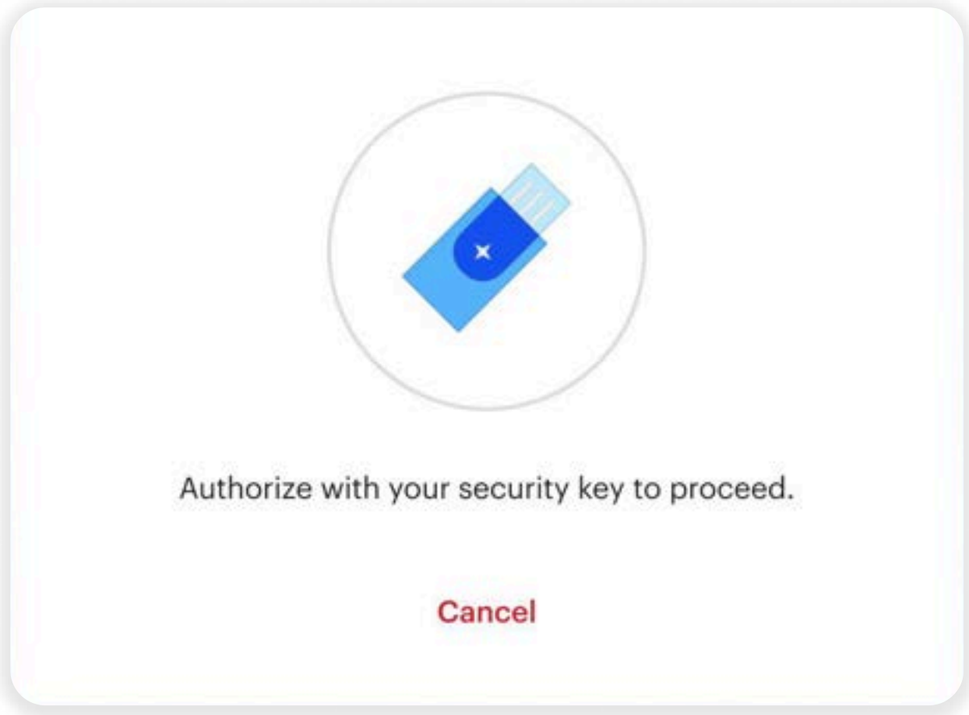
2. Select the wallet you would like to use. All tokens in any selected wallet will be used for voting.



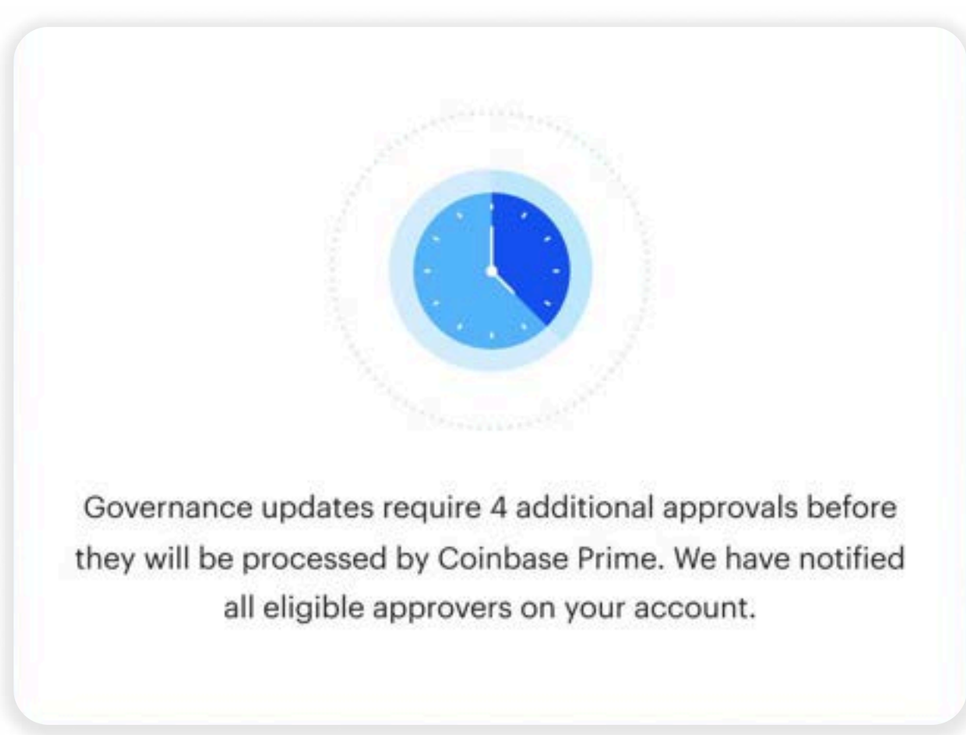
3. Once you select a wallet and delegate to use, click on the Set Up Voting button.



4. Before the voting setup can be completed, you must complete a security key authorization.

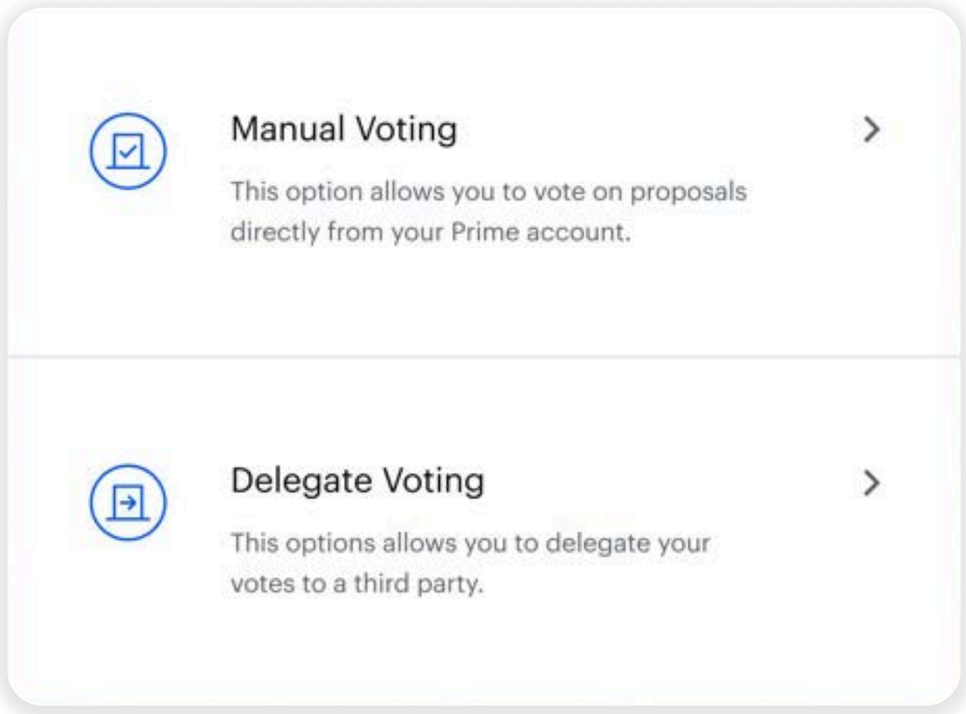


5. After the security key is authorized via your hardware key, you will need consensus approvals for the change to be processed. Users with Approver or Authorized Signatory roles will be able to approve governance updates.

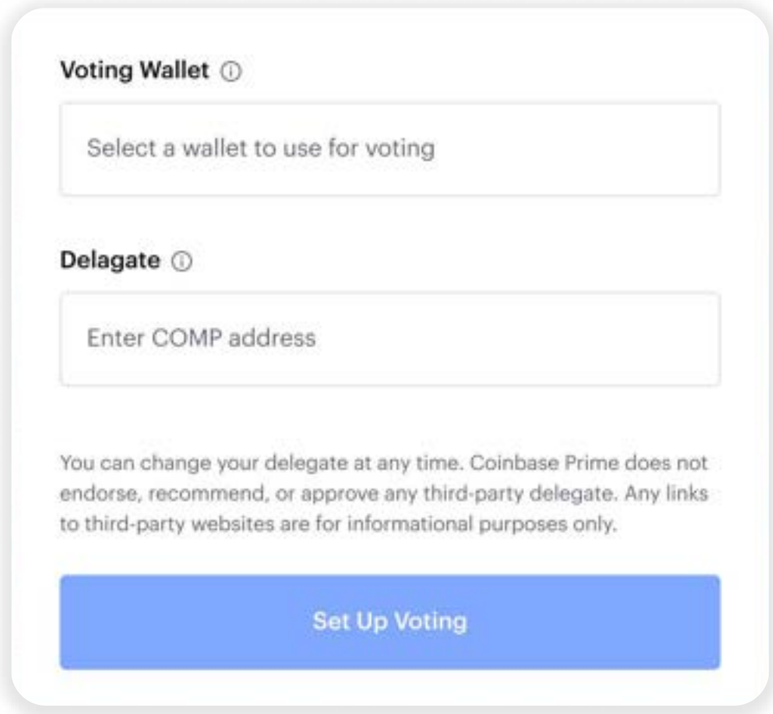


Setting up Delegate Voting

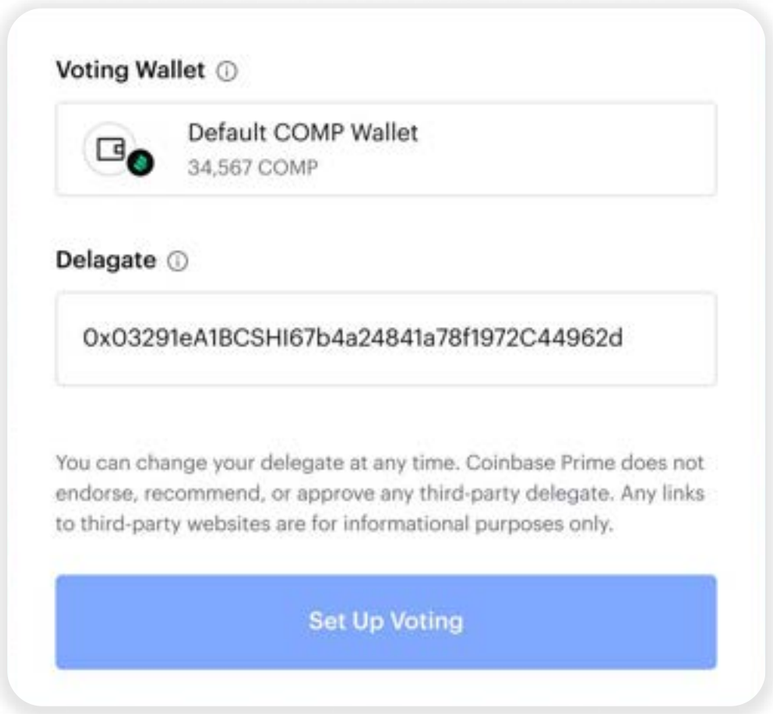
1. From the initial voting modal, click on Delegate Voting.



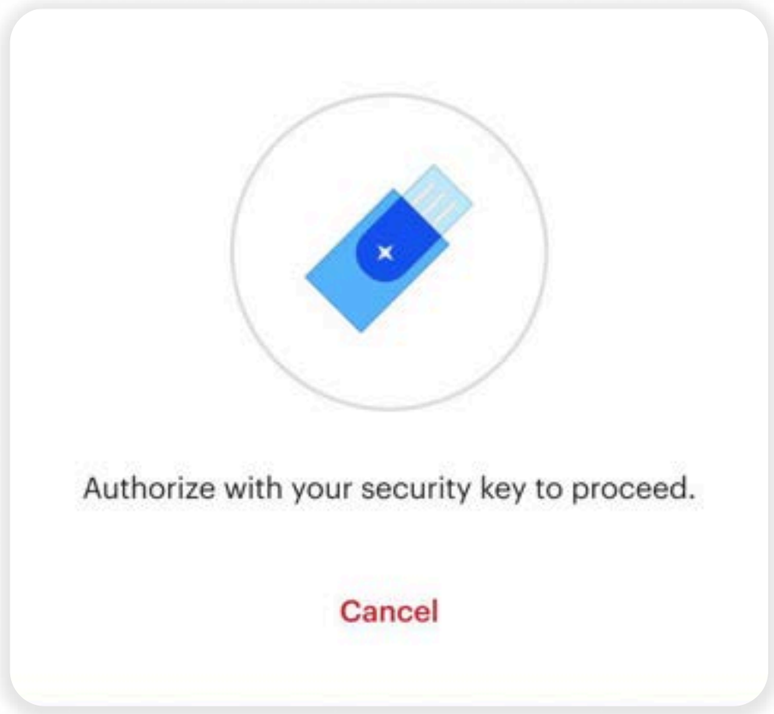
2. Select the wallet and delegate. All the tokens in the selected wallet will be delegated, and the delegate you select will vote on future proposals on your behalf.



3. Once you select a wallet and delegate to use, click on the Set Up Voting button.



4. Before the voting setup can be completed, you must complete a security key authorization.



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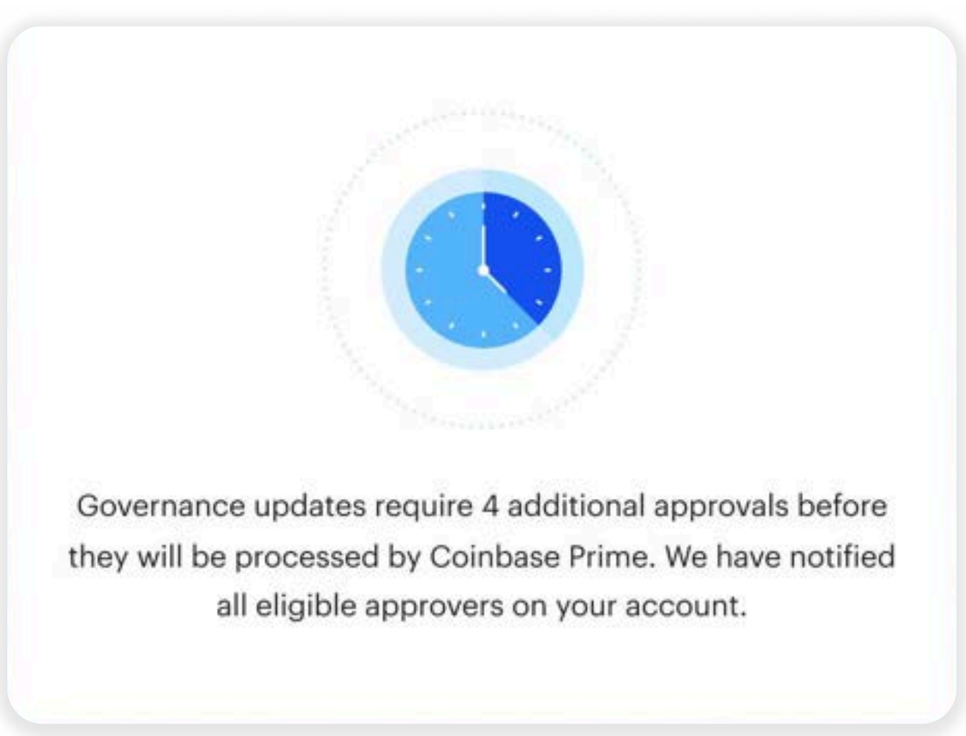
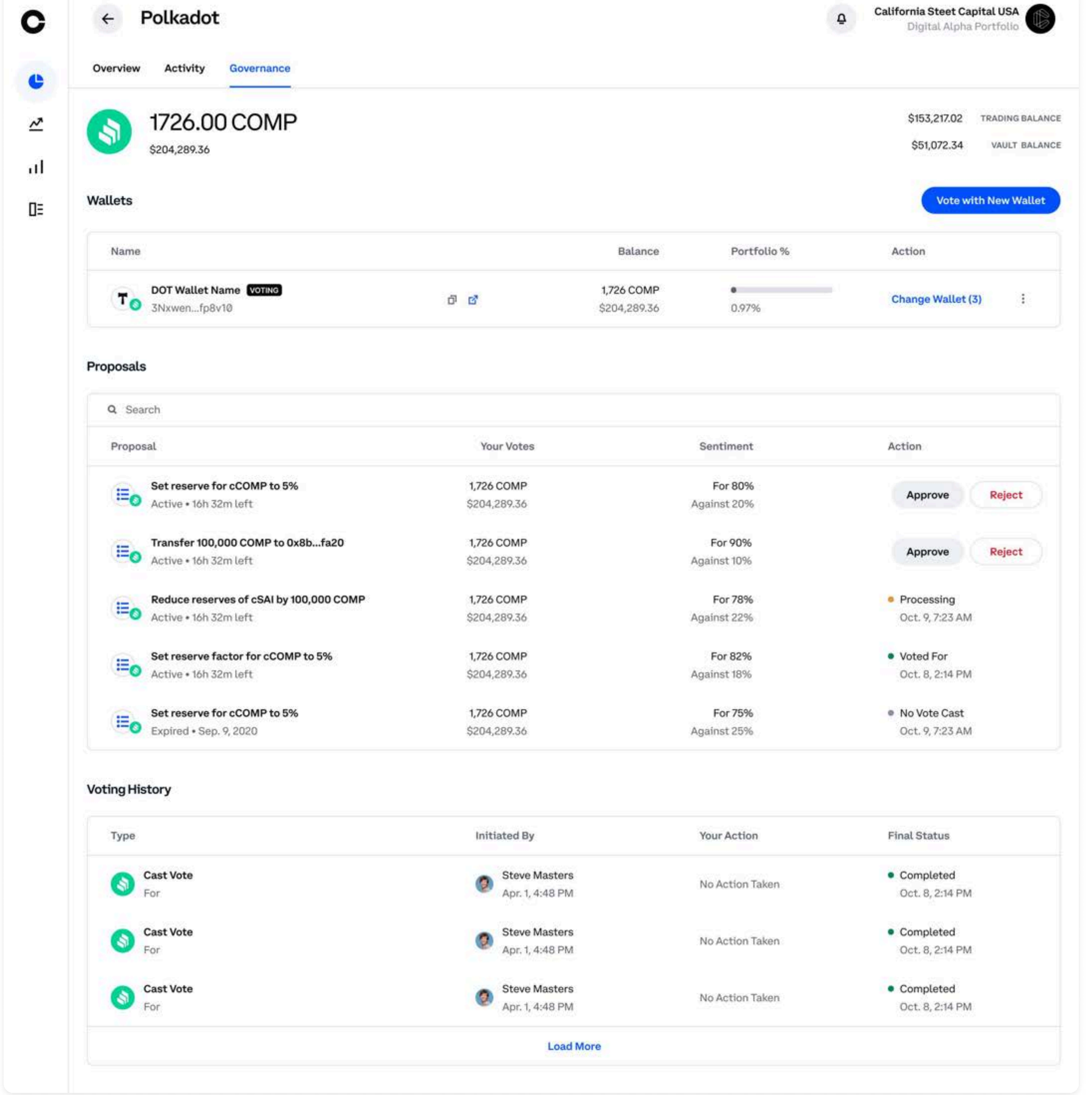


How to vote

Once you're logged in to your account, you can view pending votes by clicking into the Asset page. From this page, you can vote for or against proposals.



Coinbase Custody entities: CCI and CCTC

Coinbase Custody International Ltd (CCI) is an Irish company and a wholly owned subsidiary of Coinbase Global Inc. that provides Coinbase Custody service to institutions and high net worth individuals globally. CCI enables customers to store their digital assets in a highly secure, offline manner with institutional-grade controls and services.

CCI provides a suite of custodial wallet services for a vast array of digital assets, allows customers to transfer digital assets, and supports staking for a number of assets on Coinbase's platform. CCI serves clients based in the EU and other non-U.S. jurisdictions.

Coinbase operates Coinbase Custody Trust Company (CCTC), established as a New York Trust Company; CCTC is the largest digital assets custody solutions provider in the U.S. This entity is regulated by the New York State Department of Financial Services (NYDFS). Coinbase has developed market-leading security infrastructure around its U.S. custody operation and has replicated this infrastructure as the basis for CCI's safeguarding and custody operations.

Key differences between CCI and CCTC

	Coinbase Custody International Ltd (CCI)	Coinbase Custody Trust Company (CCTC)
Incorporated	Ireland	United States
Key generation and storage locations	Europe	United States
Primary offices	Dublin, London	San Francisco, New York, Portland
Local support	4 am – 6 pm GMT	9 am – 11 pm PST
Legal jurisdiction	Subject to applicable Irish law	Regulated by the New York State Department of Financial Services
SOC controls completed	n/a	SOC 1 Type II SOC 2 Type II
Withdrawal processing times	Monday – Friday, 24-hour SLA Weekends/holidays, 48-hour SLA	Monday - Friday, 24-hour SLA Weekends/holidays, 48-hour SLA