

Coinbase Global, Inc.
Third Quarter 2025 Earnings Call
October 30, 2025

Anil Gupta, Vice President, Investor Relations: Good afternoon and welcome to the Coinbase Third Quarter 2025 Earnings Call. My name is Anil Gupta and I am Vice President of Investor Relations at Coinbase.

Joining me on today's call are Brian Armstrong, Co-Founder and CEO; Emilie Choi, President and COO; Alesia Haas, CFO; and Paul Grewal, Chief Legal Officer. During today's call we may make forward-looking statements which may vary materially from actual results. Information concerning risks, uncertainties and other factors that could cause these results to differ is included in our SEC filings. Our discussion today will also include certain non-GAAP financial measures. Reconciliations to the most directly comparable GAAP financial measures are provided in the shareholder letter on our Investor Relations website. Non-GAAP financial measures should be considered in addition to, not as a substitute for, GAAP measures.

We'll start today's call with opening comments from Brian and Alesia and then take calls to take questions from our retail shareholders and our research analysts. With that, I'll turn it over to Brian for opening comments.

Brian Armstrong, Co-Founder and CEO: Thanks, Anil. It was another great quarter for Coinbase. We continue to drive strong financial performance and build The Everything Exchange that we had announced last quarter. Financially, Coinbase's core business is incredibly strong, and we're very well positioned for the opportunities ahead of us.

Our strong financial performance in Q3 was driven by continued product execution. Total revenue was \$1.9 billion, Adjusted EBITDA was \$801 million. We ended Q3 with \$11.9 billion in \$USD resources and another \$2.6 billion in long-term crypto investments.

So just a quick refresher. Our mission is to increase economic freedom in the world at Coinbase, and crypto is the technology that we're going to harness to get there. Crypto rails will power more and more of financial services over time because they're faster, cheaper and more global. With just a smartphone, for instance, anyone in the world can access trading and payments, raise money to start a business or get access to credit.

Coinbase is the most trusted brand in crypto with deep technical expertise. And as finance moves to these rails with increasing regulatory clarity, we're uniquely positioned to lead and capture the upside of this paradigm shift.

In Q2, we introduced The Everything Exchange, a one-stop shop to trade every asset class. Customers want one venue to trade spot crypto assets, derivatives and options, but also equities, prediction markets, commodities and more.

In Q3, we executed on that vision by expanding spot coverage, growing our derivatives offering and laying the groundwork for new asset classes on our platform.

In terms of spot coverage, we turbocharged our trading platform in Q3 by adding decentralized exchange or DEX integrations, which expanded access to tradable assets from about 300 to over 40,000 assets in the U.S.

With DEX integrated under the hood, customers get day one access to new tokens as they are created, and we capture the upside when one of those takes off. We've also made strong progress in growing our derivatives product.

As a reminder, derivatives account for about 80% of all crypto trading volume. And in Q3, we were the first to launch CFTC-regulated 24/7 perpetual style futures in the U.S. Early traction is strong for our U.S. style purpose product, which helps drive all-time highs in U.S. derivatives volumes and market share.

We closed the Deribit acquisition, bringing the number one crypto options venue into Coinbase and Deribit plus Coinbase saw over \$840 billion in total derivatives volume in Q3, driven by stronger participation from institutions and advanced traders.

Next, let's touch on how we're accelerating Stablecoin adoption by improving payments. The majority of Global Payments will shift to stablecoins over time because they allow you to send money anywhere in the world in under one second for less than \$0.01. And no other payment rail can match this.

Adoption is already well underway as stablecoin market cap hit \$300 billion driven by companies and financial institutions using them for payments and treasury, and we expect policy tailwinds like the GENIUS Act to continue to accelerate this.

In Q3, Coinbase customers held on average, \$15 billion of USDC on platform, making us the largest contributor to USDC's all-time high \$74 billion market cap. USDC continues to be the top-performing major stablecoin in the crypto ecosystem, growing more than 2x as much as the largest competitor.

In closing, with regulatory clarity accelerating, crypto rails are set to power more and more of global GDP for trading, payments in every financial service. Coinbase is well positioned to be the partner of choice for companies and financial institutions including Citi, which we just announced last week, who are looking to come onchain.

Through the end of the year, we're heads down building The Everything Exchange and scaling stablecoin payments with USDC. Speaking of which, I'm super excited to share that on December 17th we're hosting our H2 product event where we'll go through everything we've built in the second half of this year. Tune into the live stream for a closer look at the next phase of The Everything Exchange.

I'll now turn it over to Alesia.

Alesia Haas, CFO: Thanks, Brian. And good afternoon, everyone. As Brian shared, it was a strong quarter for Coinbase.

We had total revenue of \$1.9 billion, net income of \$433 million, Adjusted EBITDA was \$801 million, and Adjusted Net Income was \$421 million. So let's dive deeper into our Q3 results.

As always, any comparison I'll share is going to be on a quarter-over-quarter basis unless I note otherwise. In the third quarter, our U.S. and global spot -- sorry, global spot market trading volume increased 29% and 38%, respectively. This is a global market.

Against that, our Coinbase's Q3 consumer spot trading volume grew 37% to \$59 billion. And consumer transaction revenue grew 30% to \$844 million. The main difference between the growth rate in volume and revenue was due to a higher mix of advanced trading volume, which has a lower fee rate.

A couple of callouts on what drove this growth. First, as Brian mentioned, we made progress on growing the number of assets available to our customers, both in terms of spot and derivatives assets.

Second, our advanced trading volumes were supported by price increases and the long tail of assets as well as our concerted effort to attract and retain high priority traders through a new white glove service offering.

Our institutional business had strong results across the board. Total institutional transaction revenue was \$135 million, up 122%. And the primary growth driver was derivatives.

We closed Deribit on August 14th, which contributed \$52 million to revenue, driven by continued growth of options trading, which led to all-time high notional volumes. Additionally, we saw revenue growth in both our Exchange and Coinbase Prime businesses in the third quarter.

Now turning to S&S revenue, which grew 14% quarter-over-quarter to \$747 million. We saw strong native unit inflows across USDC balances in Coinbase products, average loan balances across our institutional financing products, and assets under custody.

We ended the third quarter with \$516 billion in Assets on Platform. Total operating expenses decreased 9% to \$1.4 billion. Technology and development, general and administrative, and sales and marketing expenses collectively increased 14% to \$1.1 billion, largely driven by headcount and USDC rewards growth.

I note that Deribit contributed \$30 million to total operating expenses in the third quarter, including \$16 million in deal-related amortization, the majority of which was recorded in sales and marketing. We ended the third quarter with 4,795 full-time employees, up 12%.

I want to turn your attention to two below the line items that affected our GAAP profitability. First, we had a \$424 million gain from the ongoing fair value remeasurement of our crypto investment portfolio. Second, we had a \$381 million expense in other expenses, largely driven by unrealized losses related to our investment in Circle as their stock price was lower as of the end of third quarter as compared to the end of second quarter.

Including both of these items, net income was \$433 million. Excluding both of these items, Adjusted Net Income was \$421 million.

Now let's turn to our Q4 outlook. The fourth quarter is off to a strong start, and we expect October transaction revenue to be approximately \$385 million. We expect subscription and services revenue to be in the range of \$710 million to \$790 million, driven by higher average crypto prices and continued growth of the Coinbase One subscriber base.

On the expense side, our expense range is higher quarter-over-quarter for tech and dev and G&A, in the range of \$925 million to \$975 million, up approximately \$100 million at the midpoint. Approximately half of this increase is due to the recent acquisitions of Deribit and Echo. The remainder of the quarter-over-quarter increase is largely due to headcount growth, which we expect to grow at a slower rate in the fourth quarter as compared to the third quarter.

Sales and marketing is expected to be in the range of \$215 million to \$315 million. Where we land in this range will largely be determined by performance marketing spend opportunities and USDC balances in Coinbase products, which drive USDC rewards.

Included within the above outlook ranges is approximately \$70 million of total depreciation and amortization for Q4. This is an increase from historical averages, which has been driven higher due to amortization of intangibles from our recent acquisitions.

Over the course of 2025, we've made a significant investment in headcount to capitalize on the many opportunities we see and accelerate our vision on The Everything Exchange.

As we look to early 2026, we plan to absorb the employees we brought into the company and focus on execution and anticipate that our sequential rate of operating expense growth will slow as compared to our Q4 rate.

With that, let's go to questions.

Anil Gupta, Vice President, Investor Relations: Thanks. So let's begin with pre-submitted questions from retail shareholders. Many of the top questions touch on similar topics, so for efficiency will group by theme. The

first topic is about competition. What's the plan to improve product innovation and velocity and increase market share? How are you thinking about listing stocks in prediction markets given the success of others? Brian?

Brian Armstrong, Co-Founder and CEO: Yes. So on this question, I'd say that we've spent a lot of time investing in policy and getting regulatory clarity both in the U.S. and a number of countries around the world. And that's starting to bear fruit, which it's great. It's growing the TAM of crypto. It's making it trusted and regulated. Even as more and more people come into the space, we're able to power a lot of the -- that with our infrastructure services. But it does mean that lots of new competition is coming in. And so we need to make sure we're executing well. And we've talked since Q2 about this Everything Exchange vision.

We've made really substantial progress toward that already – areas where I think we're best in class, like I mentioned, the DEX integrations where we went from 300 tradable assets to 40,000 tradable assets in Q3. And we were the first to launch the CFTC-regulated U.S. perpetual style futures contracts, which has been growing really well. So there's a lot to like that there.

Now we've been heads down working on the next pieces of that because we think that every asset class is going to come onchain. And our customers are asking for this, too, prediction markets and tokenized stocks and every onchain asset you can imagine.

So the Everything Exchange is really central to the next chapter of what we're building and I'm really excited that we'll have more to share on that on December 17 at our product showcase, so please turn into the live stream for that.

And I'd say that Everything Exchange is really a perfect complement to all the other features that we've built into Coinbase including DeFi borrow lend, USDC, global payments, Coinbase Card – people really love that product – Base is having really strong momentum. And so I think these are all going to come together. Our goal long term is to be the number one financial app, and that's what we're working on.

Anil Gupta, Vice President, Investor Relations: Thanks, Brian. So the second topic is Base. Brian, can you elaborate on how you're thinking about a base network token and in particular, how shareholders could be beneficiaries of the distribution? And Alesia, can you talk about the monetization of the Base network and how that might evolve over time?

Brian Armstrong, Co-Founder and CEO: Yes. So I'll start it off. We're still early on exploring a Base network token. But the high-level goal is to help bring 1 billion people on chain and just to really grow the developer and create our ecosystem around Base. So there's not any specifics that we're going to announce today on the governance or distribution model or the timing of it exactly. But we are going to build this in the open and just continue talking with our customers, investors, regulators to make sure that we get it right. So Alesia, anything you want to add?

Alesia Haas, CFO: I'll just speak about monetization. So on the Base chain, we monetize through sequencer fees. And we've talked historically about how we have direct monetization through sequencer fees, but we also monetize indirectly as those who are building apps on Base often will then incorporate USDC, they will often need to be able to buy other crypto. They may need custody solutions. And so we do monetize the other products and services by the growth of the overall ecosystem and the growth of onchain developers.

What I would share, though, is the Base app that we are building that on base we'll have other monetization opportunities. The Base app is monetizing through trading fees, it is monetizing through advertising. And while it's early days, we see opportunities to have revenue profiles that look similar, honestly, to the Coinbase main app in terms of transaction fees, maybe some subscription fees, maybe advertising fees. Some various different ways that we can monetize in that app. But we'll talk more about that as that grows over time.

Anil Gupta, Vice President, Investor Relations: All right. Thank you, both. So we'll now take questions from the research analysts. To ask a question press star one and each participant will be limited to one question. Our first question comes from Craig Siegenthaler of Bank of America.

Craig Siegenthaler, Bank of America: Our question is on Echo. So how will Echo help expand your network by making it more easy for crypto companies to raise and invest via private sales or public sales with Sonar?

Brian Armstrong, Co-Founder and CEO: Yes. I can start off and then Emilie, if you want to add anything, that would be great. I mean one of our -- as I mentioned, we believe that every type of financial service is going to come onchain and crypto is this technology to update the financial system. And so capital formation is certainly a big piece of that, right? We think that it can be much more efficient, the fees can be reduced, more people around the world can have better access to it. This will just accelerate the economy.

So Echo was a really innovative, I think, company that we decided to go acquire to get a foothold here. And we're trying to make it easy for anyone to raise money. And then the beauty of combining it with Coinbase is that -- we have now over \$500 billion of assets. We have a large number of retail institutional customers or accredited investors that want to invest in unique assets. And so you can just see like the double -- the two-sided marketplace coming together here in a really powerful way as we think more and more about capital formation and how crypto can update that.

Emilie Choi, President and COO: Yes, agreed. We're really excited about it. The management team for Echo has a great nose for what the most compelling companies will be to launch. And so if Echo launches these great companies and tokens and those are successful, it helps us deeply because we're moving up the stack. And where coins are issued before they graduate to the exchange. So it's kind of a vertical integration that we think is quite powerful for the whole ecosystem of Coinbase products.

Anil Gupta, Vice President, Investor Relations: Let's take our next question from Ken Worthington at J.P. Morgan.

Ken Worthington, J.P. Morgan: The pace of announced M&A seems to be rising for Coinbase versus what we may have seen in recent years. How is the more regulatory and political certainty in the U.S. impacting the pace of innovation, and would you expect this pace of innovation to drive Coinbase to be more active in M&A as we look forward? And then in terms of the innovation that we're seeing, are there certain themes that you are focused on trying to capture as we look forward?

Emilie Choi, President and COO: I'll start and then Brian, Alesia feel free to jump in. So to take a step back, we worked really, really hard to get to this place of regulatory clarity and we think that that generally provides more opportunities in key bets and more predictability with this type of M&A and these types of investments. So these companies just have more certainty than they did in an environment where there was regulation by enforcement.

When we look to the spectrum of opportunities, we do look a lot to some of the best tech companies of all time and how they were able to use M&A to massively accelerate adoption, and so we're very excited about some of the opportunities on the horizon.

In terms of the areas that we're interested in, we're always kind of keying in on the priorities that the company has outlined, whether those include trading and payments and these other areas that are very interesting to Coinbase. And then we also try to look ahead as there might be strategic opportunities that present themselves.

So we're always on a lookout and when we think -- we always look at buy, build, partner, invest and then determine which is the right vehicle for us at that moment.

Brian Armstrong, Co-Founder and CEO: Yes. I'd just say you're right. The pace has picked up. The political environment definitely helps with that. And all of this M&A is really in service of our core focus around trading and payments. So it's been great.

Anil Gupta, Vice President, Investor Relations: Our next question is from Pete Christiansen at Citi.

Pete Christiansen, Citi: Nice execution on a bunch of partnership deals signed in the quarter. I do want to ask about Coinbase operational infrastructure. I mean we've had some really busy trading days in the last quarter. There's been cloud service providers, multiple have had issues this year. I know that Coinbase has spent a lot this year bulking up customer service.

How would you assess where Coinbase is in terms of its operating infrastructure today, redundancy, and how are you thinking about investments there going forward? That would be helpful.

Brian Armstrong, Co-Founder and CEO: Yes. I mean I can start off. Like many companies, we were impacted by AWS outages. I think it always raises this question of, should we be pursuing a more robust multi-cloud approach. We already do use multi-clouds and a variety of ways, but we haven't made what would be a substantial investment to make every service in the company redundant to a certain cloud outage. So it's always a trade-off.

Now these clouds are also kind of working hard to build their own redundancy. And so you always have to factor that into other priorities and investments that you could make and look at the cost benefit analysis.

Emilie Choi, President and COO: And I would just say in terms of like some of the things we're really excited about as well we're very invested in automation. Currently, 65% of our customer support interactions are fully automated. We're trying to push that number up rapidly.

And then we're also rolling out reasoning LLM agents to automate the majority of compliance investigations in 2026. So there's a lot of really interesting areas for automation over the next several years as well.

Brian Armstrong, Co-Founder and CEO: Yes. And I guess your question made me think of actually on October 10, there was also a record level of activity across crypto exchanges. And in that case, we actually operated very well without disruption. And we didn't have any downtime or degraded latency around market data or anything like that.

So that was a result of a lot of investment we've made over the last year or two in doing load testing and making sure we didn't have any reversions as new software is being developed.

Several major exchanges experienced extended outages during that time and we didn't have any -- and so I was really proud of how that part came to be.

Anil Gupta, Vice President, Investor Relations: Next question is from Ben Budish at Barclays.

Ben Budish, Barclays: In your shareholder letter, I believe you talked about a new sort of white glove service for the advanced retail trader. Just curious if you could talk about that a little bit more. And is there anything to read in there regarding the state of competition among retail trading?

It seems like there are newly listed crypto exchange competitors, other -- I would guess you could say legacy competitors try to expand their offering and be more competitive. So is there anything to read into there? How would you describe the state of competition there? And can you talk a little bit about this service?

Alesia Haas, CFO: Maybe I'll start and then feel free to add on, Brian. Our white glove service has been made available to some of our high-value advanced traders.

So this is not a service available to all of our retail traders, but to our very specific high-value advanced traders. And it provides some concierge-level support, the personal account manager and really makes commitments around time to resolve the issues, making sure they can trade seamlessly that they don't run into any hiccups with our services.

With regards to our broader retail program though, we are really pleased to have our trading volume exceed overall U.S. spot volume in the quarter.

So we're really seeing strong adoption of our products and services, there's more to do there, as Brian said, which is why we are building towards the Everything Exchange to continue to meet our customers where they are and provide broader access to all assets they would like to trade.

Brian Armstrong, Co-Founder and CEO: Not much to add. I would just say that, in trading, I mean there are whales that are out there that drive a disproportionate amount of volume. And so it's important for them to have a dedicated relationship manager that can help them resolve an issue, but also it has partially a sales function. So I think it's just a good example of us maturing as a company and courting the best customers.

Anil Gupta, Vice President, Investor Relations: Let's go now to Owen Lau from Clear Street.

Owen Lau, Clear Street: Could you please talk about innovation in Coinbase Business? It has global payout—I think it enables businesses to send and receive USDC with lower fees. You also made an announcement with Citi to develop digital asset payment capabilities. I know it's still early here, but I'm wondering what you have heard from the banks and merchants so far about these deal capabilities? And have you started to see more merchants moving into blockchain or even considering moving into blockchain?

Brian Armstrong, Co-Founder and CEO: Well I'll start off. So obviously we have our first-party business with retail and businesses and institutions, which is growing really well. But I'm also really proud that Coinbase has built out infrastructure that can power other companies. And we call that product Coinbase Developer Platform or CDP. Sometimes people think of it as crypto as a service.

And what's great is that we've been able to close 264 institutions now that are using that product, including large companies like JPMorgan, BlackRock, Citi, PNC, fintechs like Stripe, PayPal, Revolut, Webull. So I think that this is going to increasingly be an important part of our business. It just allows us to have different revenue streams and participate in the value creation as more and more companies come in to integrate with crypto.

That's going to be all banks, all fintechs, all payment service providers, but it's also going to be non-financial services related companies. I mean we're also working with, for instance, Shopify on powering payments for them. So I think it's similar to what Amazon did with AWS. I think this third-party infrastructure can be a powerful business for us over time.

Alesia Haas, CFO: Maybe I could add on here for you, though. We've really been building the various infrastructure layers and are pleased to have a more vertically integrated payments product that we're bringing to market. It starts with Base, which is our Layer 2 solution, USDC, and other stablecoins.

We've now built out payments APIs. And we're now bringing those forward to our customers via Coinbase Base app and then directly to businesses. So what we're seeing here is, one, we are a partner of choice. We continue to win mandates from large financial players, fintechs, as Brian shared.

But we're also seeing small and medium-sized businesses really come to our platform as we enable them to more efficiently manage their capital and their liquidity through instant settlement via stablecoins, while we're earning rewards now on any idle funds that they hold in USDC. So we've seen great early traction with over 1,000 businesses onboarded, and we have a growing wait list.

Anil Gupta, Vice President, Investor Relations: Let's go next to Devin Ryan at Citizens.

Devin Ryan, Citizens: I just want to ask a question about Deribit. Obviously you haven't had it on the platform for too long but seems like it's doing well here out of the gate for Coinbase. So just love to kind of think about kind of the integration thus far, what that informs around potential future product development and cross-sell opportunities for Coinbase. Just more broadly, if you can just touch on kind of the scaling plan now that it's fully integrated or part of Coinbase.

Alesia Haas, CFO: So it officially just closed in August, and we onboarded 100 employees in September. So they had record volume in the month of August. Their revenue has been growing. And where we are right now is we're really working to integrate their products seamlessly with our products so we can bring together spot derivatives and derivatives, meaning both perpetual futures, futures and options, all under one roof.

We, in the quarter, had brought forward for our U.S. customers, spot and derivatives cross-margining, and it enabled capital efficiency where our customers really value the ability to get better leverage, better margin on their trading products. And so we think that that is a future that we can bring forward to options as well. So the goal is going to be integrated for the next few quarters, so we can bring everything under one roof and enable side-by-side trading of these products and services to our institutional clients.

Anil Gupta, VP, Investor Relations: We'll take our next question from Patrick Moley at Piper Sandler.

Patrick Moley, Piper Sandler: I just had one on The Everything Exchange. I was wondering if you could update us on the timeline or some of the milestones we should be looking out for as you introduce new asset classes to that platform.

Brian Armstrong, Co-Founder and CEO: Well some of them are already live, right? I mentioned the DEX integration, the U.S. style perps. And December 17th is going to be another milestone for us. We're hosting that H2 product event, where we'll be giving an update on everything we've been working on in the second half of this year. So that will be a good one to tune into on the livestream.

Anil Gupta, VP, Investor Relations: Let's go next to James Yaro from Goldman Sachs.

James Yaro, Goldman Sachs: Could you help us think through the impacts of the crypto liquidations on October 10th on markets as well as on the various market participants? Do you see any medium-term ramifications? And are there any lessons learned that you think could improve market function going forward?

Alesia Haas, CFO: I'll start and others can add on. So obviously the events of October 10th led to some liquidation as folks had to deleverage to address the sharp sell-off in certain assets. We are really pleased that we did not see significant liquidations on our platform. And as Brian shared earlier, our platforms really withstood the volatility quite well during that window.

In part, that's due to the design of our products and the approach that we've taken to leverage with our products. One of the observations that I would have broadly in the market is today, there's very few of us that are publicly traded that have as much transparency into our operations, our risk management, our balance sheets. And so we do have these risks and throughout the overall ecosystem of operational errors that then lead to deleveraging events.

I think over time you'll see more and more companies come into a regulatory framework, more and more companies go public. And so this risk will reduce over time because transparency then helps all risk—the more sunlight, the better in some of these areas. But I would say that the market rebounded quite nicely from this, and I don't see any systemic losses or any kind of continued fallout from that sell-off.

Anil Gupta, Vice President, Investor Relations: We'll take our next question from Andrew Jeffrey at William Blair.

Andrew Jeffrey, William Blair: Brian, I definitely agree with your vision on stablecoins. I wonder if you can sort of dimensionalize for us sort of the timing in your mind for more commercial adoption outside of crypto and the role you think Coinbase plays in that cross-border commerce. And whether or not it changes—whether or not your economics change with volume as USDC takes off.

Brian Armstrong, Co-Founder and CEO: Well, interesting. I mean I think taking that last part first, I'm not seeing a change in economics yet. I think we're still super early in this, and it's growing really fast. And so it'll be interesting to see how that plays out. I mean we have different ways to monetize it, like with Base sequencer fees and with USDC. You could, of course, charge directly for the payments themselves. But I think just zooming out, I mean payments are just very clearly the next big use case for crypto.

I think it started with trading, payments are really—are growing enormously now. And I would say just in general, it's a massive market, right? Like cross-border payments are something like \$40 trillion in volume annually. B2B is 75% of that, which is an early use case for stablecoins. And we're now seeing about \$100 billion in annual stablecoin volume, which is growing rapidly. So, we're going to keep participating in this space across a number of different areas.

We're building payments for businesses. Coinbase businesses account for small, medium-sized businesses. We're adding various products and services in there around invoices and how to pay contractors and vendors. A lot of it is cross-border, but even within country, it's powerful.

We had—since we announced that product just recently, we've had about 1,000 businesses onboarded already. There's another 1,000 on the waitlist. We're also integrating payments into our retail app for Coinbase and into the new Base app. So I think that will be powerful. And then we can be one of the—I think we're really one of the only companies that can start to connect these businesses and consumers together, right, in the two-sided market and Shopify is an example of that, where we're powering USD checkout for their merchants.

And when you're these merchants, it's a big deal, because they're used to paying 2% to 3% in fees, for people to move money over the Internet. There's no reason that that needs to exist, I don't think. I mean—and when you can do it in less than a second, less than \$0.01, flat fee regardless of the amount, it just has a lot more of the value. You can give some of that back to the consumer. Like in Shopify's case, they're giving 1% back to the people who pay with USDC, but the merchant also saves money.

So it's just kind of a win for everyone. And I think that when you lower friction in the economy like that, you see an order of magnitude more activity happening, and it can really have a dramatic effect. So I guess just one other item to touch on in the payment space, which I think is really innovative that we're doing, is there's a protocol we came out with is called x402. And what this is is it's a way to attach a stablecoin payment to any web request.

You may be familiar with 404, which is on the Internet, like it's file not found, right? If you go to a page that doesn't exist. There's actually another code called 402 in the HTTP spec, which was originally put in there for payment required. Now it was never really implemented in most web browsers because the web browser never became a place where you put in your credit card. You put it into the website itself, not the browser.

But anyway, we decided to go ahead and ship this, and it's attracted a lot of attention in the last month or so, partners like CloudFlare and Vercel and Google have started working with this. It's caused a lot of people to go sign up for Coinbase Developer Platform to start building these integrations. So it's still early days, but for payments happening over the Internet, for AI agent payments, that's another big emerging area. We shipped an open source tool kit called Agent Kit that lets any AI agent put a stablecoin wallet inside it. So we're starting to see a lot of things happen with payments on the frontier now. And yes, I think this is going to be a big area for crypto and for Coinbase.

Anil Gupta, Vice President, Investor Relations: Our next question comes from Bo Pei at US Tiger.

Bo Pei, US Tiger: In the shareholder letter, you mentioned scaling back rebates and incentives in derivatives. Could you quantify how that's affecting takeaway and whether you expect this to help margin expansion in Q4 and 2026?

Alesia Haas, CFO: Bo, it's a great question. So we are—we have scaled back those incentives, and you can see that in the overall institutional growth. We did not attribute out any change in take rate. And it's very difficult to look at take rate for the institutional business given the acquisition of Deribit, given the growth of the derivatives platform, which is not reported in underlying trading volume.

So there's been no change to the overall pricing of any of the products and services in any material way quarter-over-quarter, but there has been a lot of mix shift and just change in the drivers of the total institutional platform. We are pleased to be able to change the incentives in derivatives because we've seen more liquidity and just more solid sticky organic open interest growth in that platform, which has enabled more profitable growth for our international derivatives business.

Anil Gupta, Vice President, Investor Relations: Our next question is from Alex Markgraff at KeyBanc Capital Markets.

Alex Markgraff, Key Bank Capital Markets: As we think about the many new products and elements of the Coinbase platform, just hoping we could just sort of step back and maybe you could remind us how you're thinking about managing margins across these various products and platform elements. Any way to sort of frame the vision for contribution margin across these newer items?

Alesia Haas, CFO: We do have a big mix of products and they do monetize separately, and in some cases, we have launched products with the sole growth of retention and acquisition in the case, for example, in the case of the Coinbase Card. So what we look to do is monetize the overall customer relationship.

For example, on the institutional side, we have many of our customers who are now engaged with three-plus products and services, and we look to the overall customer relationship and the customer economics versus single product economics.

So we're focused on growing overall profits and on how we drive total adjusted EBITDA growth at the company level, and that is how we think about it versus targeting a specific margin by product at this time.

Anil Gupta, Vice President, Investor Relations: We'll take our next question from Dan Dolev at Mizuho.

Dan Dolev, Mizuho: I appreciate you answering on the institutional take rates. Is there any way you can help us think about how this looks a couple of quarters out?

Alesia Haas, CFO: As we shared before, we don't focus on looking that far in our public comments. We are focusing on meeting our customers where they are engaging them with products and services. And we are constantly experimenting with our pricing on the retail side to understand how best our customers engage.

Right now we're really pleased to see the growth of the Coinbase One subscribers. We introduced the new Basic tier last quarter and the basic tier along with Coinbase Card is showing a lot of traction.

So over time we anticipate more and more customers will monetize many products and services, and we're reducing the overall reliance on trading fees as a single monetization, as it was many years ago. But we will adjust fees as needed by the market, and that has been our long-standing approach.

Anil Gupta, Vice President, Investor Relations: We'll go now to Ed Engel from Compass Point.

Ed Engel, Compass Point: Alesia, in the past, you've talked about how 2025 was a bit of a reinvestment year, just that you capitalize on the better political environment.

I guess with the step-up in fourth quarter OpEx, I'm just kind of thinking, are you still ramping up hiring through the end of the year? Or is most of that headcount behind us. I guess I'm just trying to gauge whether this kind of 4Q guidance is a fully baked-in number for some of the reinvestment you made this year?

Alesia Haas, CFO: Great question. So as we shared in my opening comments, the outlook for Q4 on our T&D and G&A combined is up roughly \$100 million quarter-over-quarter. About half of that step-up in cost is due to the two acquisitions we made, one being Deribit, the second being Echo. And then the other half is due to headcount growth. We are still growing headcount in the fourth quarter, although at a much slower rate than we did in the third quarter.

Anil Gupta, Vice President, Investor Relations: Let's go now to Zach Gunn at FT Partners.

Zachary Gunn, FT Partners: I wanted to ask on the payment side of things. Historically, when we think about driving adoption of the new payment modality or platform, it takes anywhere from 3% to 5% of overall transaction value to incentivize either consumer or merchant or business switching. So can you just talk about what Coinbase is doing to incentivize adoption of its payments platform? Thanks.

Brian Armstrong, Co-Founder and CEO: Yes. I mean you're right. There are a lot of powerful network effects in payments. So we don't want to be flippant about the challenge of coming into these new markets. Luckily, it's not just one company like Coinbase going up against the powers that be here.

I think the beauty of crypto is that these are decentralized open networks, with thousands of companies participating all over the world. So it's a little bit like the Internet going up against some kind of proprietary system, not just one company.

Now that being said -- so lots of people -- I mean there's something like \$500 billion of assets that we have on platform. There's a huge number of people around the world now who use crypto that are holding crypto. So we're starting to get into those categories where it can be meaningful.

Now it won't be for every type of merchant, right? I mean if you go to a Starbucks on the corner, maybe that doesn't hit the threshold, but for a certain type of e-commerce category, it could be that a large enough number of people actually -- the only way they want to pay is with crypto. It opens up micro transactions or new international markets where credit card penetration is low. So we'll see it first take off in areas where people's unmet need is the highest, and then eventually, it will eat into more and more of it just because it's faster and cheaper and more global.

But yes, this will take time for sure. And I guess I mentioned this earlier as well but a lot of times when people think about payments, they think about buying the proverbial cup of coffee on the corner store. But the majority of cross-border payments are really like B2B transactions, and that's the area where we're seeing higher adoption for crypto right now.

I mean that's just it's growing like gangbusters frankly, because that's just a very underserved part of the market where businesses want to get their money faster, they want to not have -- be exposed to these FX risks. So those are some of the areas that will take off first and I think eventually get to the majority of all payments.

Anil Gupta, Vice President, Investor Relations: Let's go next to Joseph Vafi from Canaccord.

Joe Vafi, Canaccord Genuity: Just as a quick side note, just finishing lunch here on the West Coast that I bought with my Coinbase One Card. So thanks for a great product.

But just maybe double-click on Deribit here a little bit more. I appreciate the commentary on cross-product margin capability and efficiency there. As you look forward, the distribution of the Coinbase platform is so big.

Do you see this as a big share gain or share creator for options transactions? And then can you just remind us on margin structure on a transaction margin basis and how your options and derivatives compare to spot?

Alesia Haas, CFO: So Deribit is already the market leader in options. They had over 75% market share for options. Notably, this is all non-U.S., and so there is a path to grow the market for options in the U.S. that is going to be a multi-quarter roadmap of bringing both the regulatory licenses and product to bear in the U.S., but we think that's a huge opportunity for us.

But more importantly, we believe that bringing these products to trade all under one umbrella will be able to grow overall trading volume on all of our products on our platform. And we've already seen, just by having Deribit closed for a few weeks on our platform, that existing clients have more confidence in the combined balance sheet and now bringing options to the Coinbase balance sheet, they are trading at higher volumes and trading and holding more assets on our platform.

So the brand strength, the balance sheet strength that we're able to now put behind Deribit and their strong product and risk management is having outsized benefits to both of us. And we can follow up with you about the margin differential.

Obviously there's no margin on spot trading. We do offer leverage on those assets, but they're very customized by product. So they look different in each market, and they look different to different customer groups. I don't have a simple way of answering that question for you.

Anil Gupta, Vice President, Investor Relations: We'll take our final question from Gus Galá at Monness, Crespi, and Hardt.

Gustavo Galá, Monness, Crespi, & Hardt: I wanted to talk a little bit about the competitive environment between September and October. September was a fantastic month in terms of outgrowing the market at spot, and October seems to reverse that.

Just trying to parse out is this competitive pressure, like present in the system, maybe seeing more aggressive pricing competition from peers in terms of promos, or incentives peeling away? Or is it just a mix issue? Just trying to understand what's going on there.

Alesia Haas, CFO: We've always faced competition. We are a platform that has multiple customer types, multiple products. And so we all have faced competition since we've been founded on different products, different customer groups within our portfolio. Our focus and our goal is always to deliver the most trusted and easiest to use products to our customers. And we've been really proud of our continued growth in market share, trading volumes, size, and scaling up these various product offerings.

So when you think about the competitive pressures in the month of October, there's nothing specific to talk about generally. We are always looking for ways to continue to build and delight our customers.

Brian Armstrong, Co-Founder and CEO: Yes. I hope we answered your question on that. I was a little distracted because I was tracking the prediction market about what Coinbase will say on their next earnings call, and I just want to add here the words Bitcoin, Ethereum, Blockchain, Staking and Web3 to make sure we get those in before the end of the call.

Anil Gupta, Vice President, Investor Relations: All right well we've taken all of our questions. That's it for today. Thanks for joining us, and we'll talk to you again next quarter.

Alesia Haas, CFO: Before we end, I just want to invite anybody to join us on our X spaces call next week. And so please follow us on X. And Brian and I will be taking additional questions on Monday.

Anil Gupta, Vice President, Investor Relations: Thank you everyone.