



The Central Bank of Ireland

Administrative Sanctions Procedure (ASP)

Settlement Notice

To: Coinbase Europe Limited (Coinbase Europe)

Date: 5 November 2025

Part 1. Action

1. For the reasons set out in this Settlement Notice, the Central Bank of Ireland is publishing a statement pursuant to Section 33BC(2) of the Central Bank Act 1942 as amended (the **1942 Act**), concerning Coinbase Europe, for contraventions of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (the **CJA 2010**); between 23 April 2021 and 19 March 2025.
2. Coinbase Europe has agreed to the facts in Part 2 (the **Undisputed Facts**) and admitted the prescribed contraventions in Part 3 of this Settlement Notice, such that further investigation is unnecessary.¹ On this basis, the Central Bank has decided that it is appropriate to impose the following sanctions:
 - A reprimand; and
 - A monetary penalty in the amount of **€30,663,906 reduced to €21,464,734 after application of the settlement scheme discount.**

¹ Section 33AR(1)(a)(ii) of the 1942 Act: “where there are undisputed facts that in the reasonable opinion of the Bank render an investigation unnecessary, suspects on reasonable grounds that a person is committing or has committed a prescribed contravention...”



3. Coinbase Europe has agreed to these sanctions,² however, they will not take effect unless they are confirmed by the High Court.³
4. Further details on the prescribed contraventions and sanctions are set out in Parts 3 and 4 of this Settlement Notice.
5. A chronology of events is set out in the **Appendix** below.

Summary of Reasons for the Central Bank's Action

6. Coinbase Europe is a wholly owned subsidiary of Coinbase Global, Inc., a United States corporation, and is part of the global Coinbase Group⁴ which operates a significant global trading platform for crypto assets.
7. Coinbase Europe was established in 2020 to provide crypto asset and wallet services to customers in Europe and other international jurisdictions and is an entry point for those customers to use the Coinbase Group trading platform.
8. Cryptocurrency firms are exposed to significant money laundering and terrorist financing (**ML/TF**) risks due to their technological features, cross-border operations, and anonymity-enhancing capabilities. Virtual asset service providers (**VASPs**), along with banks and credit unions are currently the three largest reporting sectors for suspicious transaction (**STRs**) in Ireland.
9. In April 2021 Coinbase Europe became a 'designated person' for the purposes of the CJA 2010 and was registered as a VASP by the Central Bank in December 2022. The CJA 2010 requires designated persons to properly monitor transactions for ML/TF and to

² In this case, Coinbase has also agreed to dispense with an inquiry.

³ Pursuant to Section 33 AWA of the 1942 Act.

⁴ As at the date of this Settlement Notice, Coinbase Inc. is, in global terms, the 3rd largest cryptocurrency exchange by volume and the largest in the United States. It operates in more than 100 countries. In 2024, the total volume of trading on the platform by Coinbase Group's global customer base was equivalent to \$1.2 trillion, an increase of 148% from 2023. In 2024, the average number of transacting users on the platform per month was 8.4 million. In 2025, Coinbase Global, Inc. joined the S&P 500, the first crypto industry firm to do so. The S&P 500 is a stock market index of 500 of the largest publicly traded companies in the United States.



have in place the necessary systems to do so. These requirements ensure that suspicious transactions are detected and reported to the relevant authorities without delay giving these authorities the best opportunity to act upon these reports.

10. The prescribed contraventions which are the subject of this Settlement Notice concern Coinbase Europe's failure to comply with its transaction monitoring obligations between 23 April 2021 and 19 March 2025.
11. Coinbase Europe outsourced significant aspects of its transaction monitoring to a sister entity, Coinbase Inc, which is based in the United States. Specifically, Coinbase Inc. operated the transaction monitoring system (**TMS**) which monitored transactions and flagged any that required further review. While Coinbase Europe was permitted to do this, it was obliged to oversee this transaction monitoring and remained responsible for compliance with the CJA 2010.
12. As a result of data configuration issues, 5 out of 21 high risk TMS scenarios did not operate fully as intended, which meant that the TMS failed to fully and properly monitor 30,442,437 transactions (the **Non-Monitored Transactions**) for Coinbase Europe for certain high-risk scenarios from 23 April 2021 until 29 April 2022 (the **Non-Monitoring Issue**). When these issues were detected by Coinbase Inc. they were rectified promptly so that the TMS operated properly from 29 April 2022.
13. As a consequence of the Non-Monitoring Issue, it was then necessary to rescreen the Non-Monitored Transactions (the **Transaction Rescreening**). There were three steps to this process:
 1. Coinbase Inc. had to rescreen the Non-Monitored Transactions for the high-risk scenarios originally not captured by the TMS. This step was completed by August 2022 and 184,790 transactions were identified as requiring further review;
 2. Then Coinbase Inc. had to investigate the alerts, which under its own internal procedures should have been completed in a timely fashion. However, the process of reviewing these alerts did not commence until May 2023. This was completed



on a phased basis. Approximately 93% of the transactions were reviewed by 31 March 2024, 99% of the transactions were reviewed by 31 December 2024 and the remaining transactions were reviewed by 19 March 2025.

3. The final step was for Coinbase Inc. to notify Coinbase Europe of transactions which may have merited the submission of an STR to the relevant authorities. Coinbase Europe was then responsible for conducting this final assessment and for the ultimate submission of STRs.

14. The completion of the above process took almost three years, undermining the efficacy of the STRs ultimately submitted as a result. This is serious for the following reasons:

1. The Non-Monitored Transactions accounted for approximately **31%** of all Coinbase Europe transactions in the period 23 April 2021 to 29 April 2022 and were valued at approximately **€176 billion**.
2. A total of **2,708 STRs** with a combined value of over €13 million were filed with the relevant authorities.
3. These STRs included transactions flagged by TMS as having reasonable grounds for suspecting money laundering, including for being potentially associated with the following activities: the darknet; controlled substances; illegal media services; money laundering; malware; ransomware; scams; theft; child sexual abuse material; and OFAC.⁵ The Central Bank cannot say if any of the transactions that were the subject of these STRs resulted in a criminal offence.
4. Following the full assessment of the transactions, Coinbase Europe off-boarded some of the related customers due to their engagement in suspicious transactions. The failure to fully and properly monitor those customers'

⁵ The Office of Foreign Assets Control is a financial intelligence and enforcement agency of the United States Treasury Department. The Office of Foreign Assets Control administers and enforces economic sanctions programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers. The sanctions can be either comprehensive or selective, using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals.



transactions in the first instance meant that they remained customers of Coinbase Europe with access to its services for longer than they should have.

15. Although Coinbase Europe was responsible for ensuring proper transaction monitoring, it was unaware of the above issues for an extended period of time because Coinbase Europe's systems and controls were, at the time, ineffective to oversee the work of Coinbase Inc.
16. The first time that Coinbase Europe was provided with information that should have alerted it to the issues with the TMS was in February 2023 when Coinbase Inc. provided Coinbase Europe with a document that described the Non-Monitoring Issue. There was sufficient information in this document to alert Coinbase Europe to the fact that the TMS had not functioned properly for over a year and that the necessary rescreening had yet to be completed. Despite being on notice of this information, Coinbase Europe failed to inquire any further, meaning that it remained unaware of the scale of the issue.
17. It was only in May 2023, when Coinbase Inc. provided further details of its remediation efforts that Coinbase Europe probed for more specific details regarding the potential impact on Coinbase Europe. By this point, senior managers in Coinbase Europe were aware of the problem with transaction monitoring which could have a material impact on Coinbase Europe.
18. As Coinbase Europe was unaware of the Non-Monitoring Issue during the process of registering as a VASP with the Central Bank of Ireland, which was finalised in December 2022, the Non-Monitoring Issue was not disclosed during the process. Coinbase Europe did however disclose that it was experiencing a backlog in transaction monitoring (the **Backlog**). The Backlog was caused by an unprecedented surge in business, which had happened at that time not only in Coinbase but also in the broader crypto sector. At registration, the Central Bank was provided with detailed plans from Coinbase Europe as to how it planned to deal with the Backlog, including timelines for resolving it. Coinbase Europe also provided assurances as to longer-term investments it would make in its compliance framework. The Central Bank made it clear that



Coinbase Europe should keep it fully informed of any developments that might materially impact these commitments.

19. In May 2023 Coinbase Europe did not inform either its board of directors or the Central Bank that there had been a TMS failure.

20. In October and November 2023, the full scale of the Non-Monitoring Issue became apparent to Coinbase Europe. The Central Bank was then notified of the Non-Monitoring Issue on 21 November 2023. This delay in notification has been treated as an aggravating feature of this case.

21. Following this notification the Central Bank began a programme of enhanced supervisory scrutiny on Coinbase Europe and took various supervisory steps including to require that Coinbase Europe make significant enhancements and investments in its Anti Money Laundering (**AML**) framework and compliance function. Additionally and due to the seriousness of the issues, the Central Bank commenced an enforcement investigation into Coinbase Europe in August 2024. As set out in Part 3, it has been found that Coinbase Europe failed to comply with the CJA 2010 by:

- failing to fully and properly monitor the Non-Monitored Transactions in the period from 23 April 2021 to 19 March 2025 (**Prescribed Contravention 1**);
- failing to adopt sufficient internal policies, controls and procedures to prevent and detect the commission of money laundering and terrorist financing, on the basis that any policies, controls and procedures that were in place did not operate to prevent and detect the commission of money laundering and terrorist financing, between 23 April 2021 and 19 March 2025 (**Prescribed Contravention 2**); and
- failing, on dates between 23 April 2021 and 19 March 2025, to conduct increased monitoring in respect of 184,790 transactions (**Prescribed Contravention 3**).



22. On 30 December 2024, the Markets in Crypto-Assets Regulation (MiCAR) introduced a new EU framework for the regulation of crypto-assets. As a consequence, VASP registrations will cease to have effect by 31 December 2025 and VASP entities will require MiCAR authorisation on or before 30 December to continue to operate.
23. Coinbase intends to transfer the business of Coinbase Europe to a Coinbase Group entity in Luxembourg which has been granted authorisation under MiCAR to operate as a Crypto Asset Service Provider in that jurisdiction. Coinbase Europe's registration as a VASP with the Central Bank will therefore lapse at the end of 2025 and Coinbase Europe will cease conducting business in Ireland.



Part 2. Undisputed Facts

In this Settlement Notice:

AML/CFT refers to Anti-Money Laundering/Countering the Financing of Terrorism

ASP Guidelines refers to the Administrative Sanctions Procedure Guidelines issued by the Central Bank in June 2023

Blockchain refers to a cryptographically secured distributed digital ledger that maintains a record of all transactions that occur on the relevant network

Blockchain address refers to an alphanumeric reference to where crypto assets can be sent or stored

Coinbase Europe or **CBEL** refers to Coinbase Europe Limited, an Irish entity registered with the Central Bank as a virtual asset service provider

CBIE refers to Coinbase Ireland Limited an Irish entity authorised by the Central Bank as an e-money firm

CJA 2010 refers to the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021 (as amended)

Coinbase Global, Inc. refers to the parent company of Coinbase, headquartered in the USA

Coinbase Group or **Group** refers to Coinbase Global, Inc. and its subsidiaries, which include Coinbase Europe and Coinbase Inc.

Coinbase Inc. refers to a Delaware corporation in the USA and is a wholly-owned subsidiary of Coinbase Global, Inc. which provides outsourced services to Coinbase Europe

Crypto refers to a broad term for any cryptography-based market, system, application, or decentralized network

Crypto asset refers to any digital asset built using blockchain technology, including cryptocurrencies, and security tokens



Cryptocurrency refers to a category of crypto asset, Bitcoin being an example, that is designed to work as a digital means of payment

Crypto wallet or wallet refers to a digital tool that a person can use to securely store and manage their crypto assets

Designated Person refers to the meaning assigned to it by the CJA 2010

E-money refers to monetary value as represented by a claim on the issuer, which is: electronically stored; issued on receipt of funds for the purposes of making payment transactions; and is accepted as means of payment by a natural or legal person other than the issuer

ERC-20 Lookback refers to a total of 255,125 transactions identified for further analysis, and relating to 184,790 transactions ultimately identified as requiring further review, which were the subject of a dedicated remediation exercise

Fiat currency refers to government issued currency

Financial Intelligence Unit or FIU refers to a national reception point for Suspicious Transaction Reports (STRs) submitted by financial institutions and other designated bodies/persons under anti-money laundering and counter terrorist financing legislation

Impacted Screening Rules refers to 5 of the 21 Screening Rules in Coinbase's Transaction Monitoring System which did not function properly

MiCAR refers to the Markets in Crypto-Assets Regulation, which introduced a new regulatory framework for crypto-assets across the European Union in 2024

ML/TF refers to money laundering or terrorist financing

Non-Monitoring Issue refers to an issue in which 30,442,437 transactions were not fully and properly monitored by Coinbase Europe Limited

Non-Monitored Transactions refers to 30,442,437 transactions that were not fully and properly monitored by Coinbase Europe Limited



NYDFS refers to the New York State Department of Financial Services, which regulates the activities of over 3,000 financial institutions with nearly \$10 trillion in assets

Office of Foreign Assets Control or OFAC The Office of Foreign Assets Control is a financial intelligence and enforcement agency of the United States Treasury Department. The Office of Foreign Assets Control administers and enforces economic sanctions programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers. The sanctions can be either comprehensive or selective, using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals.

Relevant Period refers to 23 April 2021 to 19 March 2025

REQ refers to a Risk Evaluation Questionnaire, which is a report regulated financial services providers are required to submit to the Central Bank on an annual basis setting out information regarding their exposure to ML/TF risks and their AML/CFT compliance framework

STR or STRs refers to Suspicious Transaction Reports. In accordance with the CJA 2010, where a Designated Person knows, suspects or has reasonable grounds to suspect that another person had been or is engaged in an offence of money laundering or terrorist financing, they are required to report this to FIU Ireland and the Revenue Commissioners

TMS refers to a Transaction Monitoring System used by Coinbase Europe to monitor customer transactions in order to identify transactions that may be suspicious in nature

TMS Configuration Issues refer to the issues in which the TMS failed to match transactions that it processed with certain high risk blockchain addresses recorded by Coinbase Europe

Screening Rules refers to rules in the Transaction Monitoring System which compare transaction activity against categories of high risk activity

Virtual Asset refers to any digital representation of value that can be digitally traded, transferred or used for payment



Virtual Asset Service Provider or VASP is defined in Section 24 of the CJA 2010, and in summary refers to an entity or business that facilitates activities involving virtual assets, such as cryptocurrency transactions. VASPs include cryptocurrency exchanges, wallet providers, and other entities offering services like trading, transferring, or safekeeping digital assets. The regulatory regime for VASPs will be phased out in favour of MiCAR by 31 December 2025.

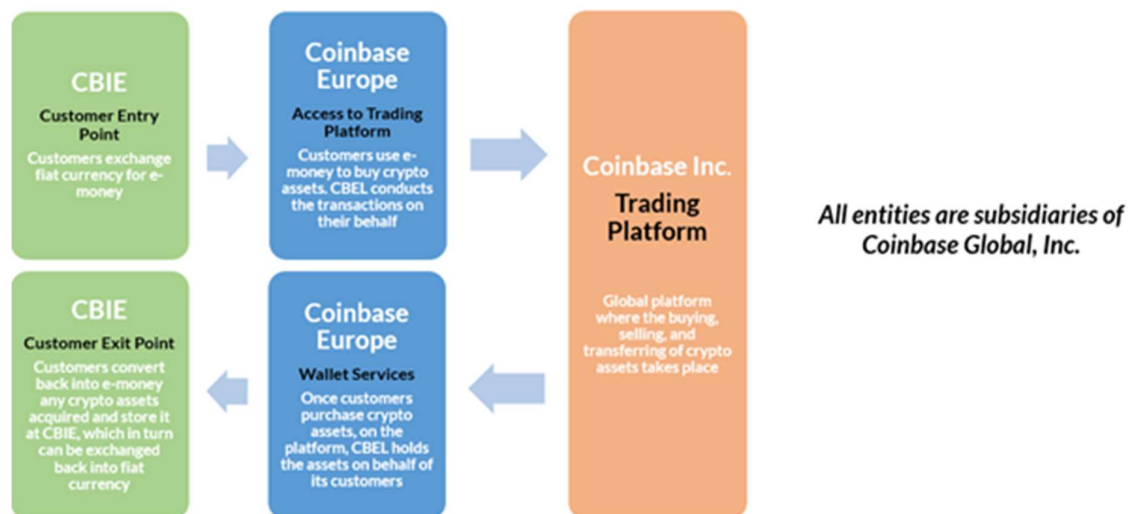
Background

1. The Coinbase Group is a group of companies parented by Coinbase Global, Inc., a United States corporation, which provide crypto asset services. Coinbase Inc., a subsidiary of Coinbase Global, Inc., also based in the United States, operates a global trading platform for crypto assets, which allows for the buying, selling, transferring, and storing of crypto assets, and has grown rapidly since it was founded in 2012.
2. Access to Coinbase Inc.'s trading platform is facilitated in Ireland for European and other international customers through two Irish based wholly owned subsidiaries of Coinbase Global, Inc. The first, Coinbase Ireland Limited (**CBIE**) is an e-money institution authorised by the Central Bank in 2019 to issue e-money and provide e-money services. While CBIE cannot provide crypto asset services itself, it is the initial entry point and ultimate exit point for customers to exchange Fiat Currency for crypto assets and vice versa, on Coinbase Inc.'s trading platform, with Coinbase Europe, acting as an intermediary between CBIE and the platform providing the services described below.
3. Coinbase Europe is the second relevant Irish entity, and the one that is the subject of this Settlement Notice. Coinbase Europe was established in 2020 to provide crypto asset and wallet services to customers in Europe and other international jurisdictions. In effect, it allows its customers to trade and hold crypto assets and is the final entry point for those customers to use the Coinbase Inc. trading platform.



Coinbase Europe has been registered with the Central Bank as a VASP since 20 December 2022.⁶

4. As a VASP, Coinbase Europe became a 'Designated Person' under the CJA 2010 on 23 April 2021, when its obligations under the CJA 2010, including monitoring for suspicious transactions came into effect.⁷
5. The relationship between the relevant Coinbase Group entities is represented in the diagram below:



6. Crypto asset transactions have certain inherent features that make them attractive for use in criminal activity, including money laundering. These features include that: they are borderless, allowing for the near-instant transfer of value across borders; they are pseudonymous, not being directly linked to an individual's name but instead linked to a public address that is recorded together with the transactions on a blockchain; and they have no centralised monitoring or oversight, as blockchain is

⁶ Coinbase, as a VASP established in Ireland in August 2020 and carrying on business as a VASP immediately prior to the extension of the CJA 2010 to VASPs coming into force in April 2021, was permitted to continue to offer VASP services pending the outcome of its registration application while still being subject to CJA 2010 requirements from April 2021.

⁷ Ireland transposed AMLD into Irish law by way of the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2021 ("2021 Act") and the provisions of the 2021 Act that relate to VASPs commenced on 23 April 2021. The 2021 Act extends the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021 ("CJA 2010 to 2021") to VASPs.



distributed and open sourced with no central administrating authority. The European Banking Authority in its July 2025 *Report on Money Laundering and Terrorist Financing Risks Affecting the EU's Financial Sector*⁸ assessed ML/TF risks across various sectors of the financial services industry in the EU. The Crypto Asset Service Provider sector showed the highest ML/TF risks.

7. One reason for the requirement that VASPs register with a competent authority (which in Ireland is the Central Bank) and are deemed as a 'designated person' within the AML/CFT requirements of the CJA 2010 was to mitigate the use of VASPs for criminal activity. As a designated person, Coinbase Europe is required to report suspicious transactions so that authorities can act quickly to prevent financial crime.

AML Risks and Obligations

8. Timely reporting provides authorities with the best opportunity to prevent financial crime. If a VASP suspects that a transaction may have facilitated a ML/TF offence it is obliged to report that suspicious transaction to the FIU⁹ and the Revenue Commissioners in Ireland without delay.¹⁰
9. In order to meet their obligation to identify and report suspicious transactions as soon as possible, firms must have transaction monitoring systems and controls that are effective and appropriate for the risk presented by their particular business activities.

⁸ Available at: <https://www.eba.europa.eu/sites/default/files/2025-07/13ae2f94-dc04-4a50-9f24-af2808e78944/Opinion%20and%20Report%20on%20ML%20TF%20risks.pdf>

⁹ Financial Intelligence Unit. The FIU in Ireland is embedded within the Garda National Economic Crime Bureau (GNECB).

¹⁰ Due to the global nature of its business, the transactions Coinbase Europe processes can involve multiple jurisdictions e.g. the sender and receiver of the virtual assets could be in two separate jurisdictions outside of Ireland. Therefore, STRs submitted to the Irish authorities by a VASP such as Coinbase Europe would also be forwarded to the FIUs of those other jurisdictions involved in the same transaction.



10. Coinbase Europe is one of the largest and most active VASPs in Europe. In 2023, Coinbase Europe was the largest submitter of STRs to the FIU in Ireland.¹¹ In 2024, Coinbase Europe was the fourth largest submitter of STRs to the FIU in Ireland.¹²

Operation of the Transaction Monitoring System

11. Coinbase Group operates a global model, similar to the model operated by many international financial institutions, with individual group entities responsible for performing a specific operation for the other entities in Coinbase Group. This model means that Coinbase Europe has outsourced several operations to other entities within Coinbase Group. However, Coinbase Europe remains responsible for regulatory compliance with respect to these operations.
12. As part of this outsourcing relationship, Coinbase Europe uses Coinbase Group's proprietary transaction monitoring system (**TMS**), which is operated by Coinbase Inc., to monitor transactions for suspicious activity. During the Relevant Period, TMS operated by analysing transactions against a set of 21 rules (also known as scenarios) (the **Screening Rules**) which compare transaction activity against categories of high-risk activity. When a transaction meets the conditions of a rule, an alert is created.
13. When, following the manual review, it cannot be determined that the transaction linked to an alert, is not suspicious nor related to ML/TF activity, it is escalated through a multi-step review process, conducted for the most part at Group level. According to Coinbase Europe's internal procedures, alerts should be escalated in a timely manner. At the end of this escalation process, if Coinbase Europe suspects or has reasonable grounds to suspect a transaction potentially relates to ML/TF, then an STR must be made to the Revenue Commissioners and the FIU in Ireland.

¹¹ About 0.45% of the Coinbase Europe transactions that were subject to screening by TMS resulting in STR filings with Irish authorities

¹² About 0.61% of the Coinbase Europe transactions that were subject to screening by TMS resulting in STR filings with Irish authorities.



Failure to identify and scrutinise all suspicious transactions

14. The issue at the centre of this investigation relates to 5 of the 21 Screening Rules (the **Impacted Screening Rules**). Other Screening Rules operated as designed. The Impacted Screening Rules compare the blockchain address associated with a transaction against various lists of addresses suspected to be associated with high risk or very high risk activity and create an alert when any transaction involves direct or indirect interaction with a high-risk address.
15. As a consequence of three issues with its configuration (together the **TMS Configuration Issues**), the TMS failed to match certain transactions that Coinbase Europe had processed with certain high-risk addresses as was intended under the Impacted Screening Rules. The TMS Configuration Issues, which dated from 28 October 2020,¹³ resulted in a failure to fully and properly monitor the Non-Monitored Transactions in the Relevant Period (the **Non-Monitoring Issue**) because Coinbase Europe failed to detect, at the time of each transaction, whether they presented a reasonable suspicion of being associated with high risk or very high risk activity.
16. The first TMS configuration issue was identified by Coinbase Inc. on 24 August 2021 and was rectified on a forward-looking basis by 8 September 2021. Two further TMS configuration issues were identified by Coinbase Inc. on 8 April 2022 during a review undertaken by an external third party and were rectified on a forward-looking basis by 29 April 2022. No steps were taken at that time to inform Coinbase Europe of the TMS Configuration Issues despite its responsibility for a large portion of the Coinbase Group's international customer base¹⁴ and its CJA 2010 obligations having taken effect in April 2021.

¹³ The TMS Configuration Issues pre-dated Coinbase Europe becoming subject to the CJA 2010 on 23 April 2021.

¹⁴ Coinbase Europe was responsible, at this time, for servicing customers in the EU, UK and several other significant international jurisdictions.



17. The first phase of rescreening the Non-Monitored Transactions through the TMS (the **Transaction Rescreening**) was not completed until 30 August 2022 despite an awareness by Coinbase Inc. that the Impacted Screening Rules related to high risk activity. This initial phase finished later than initially planned because Coinbase Group made a decision in June 2022 to prioritise other regulatory issues within Coinbase Inc.

18. The first phase of the Transaction Rescreening identified 255,125 transactions for further analysis, and 184,790 transactions were ultimately identified as requiring further review. This review did not commence until at least May 2023, a further nine months later, when a remediation plan to deal with the TMS Configuration Issues was created (the **ERC-20 Lookback**). The ERC-20 Lookback was undertaken on a phased basis. Approximately 93% of the transactions were reviewed by 31 March 2024, 99% of the transactions were reviewed by 31 December 2024 and the remaining transactions were reviewed by 19 March 2025.¹⁵ Key outputs of the ERC-20 Lookback were:

- Approximately 30 million transactions were identified, which had not been subjected to the Impacted Screening Rules. Those transactions accounted for approximately 31% of Coinbase Europe's transactions in the period 23 April 2021 to 29 April 2022 and were valued at approximately €176 billion.
- Once the Impacted Screening Rules were applied during the rescreening of the Non-Monitored Transactions, 255,125 transactions were identified as requiring further analysis and 184,790 transactions were ultimately identified as requiring further review, with these transactions being valued at €3.6 billion.
- From the 255,125 alerts, 2,708 STRs with a total value of over €13 million were filed with the relevant authorities. The last STR was filed on 28 January 2025

¹⁵ 172,310 transactions (over 93%) were reviewed by 31 March 2024., a further 10,819 transactions were reviewed by 31 December 2024 (which was 99% of the total) and the final 1,661 transactions were reviewed by 19 March 2025.



meaning the delay in reporting suspicious transactions stretched from several months to over three years from when the transaction occurred.

The NYDFS action concerning Coinbase Inc.¹⁶

19. As set out above, Coinbase Europe outsourced its transaction monitoring to Coinbase Inc. For much of the Relevant Period, Coinbase Inc. was dealing with serious regulatory compliance issues, including in relation to transaction monitoring, with its own regulator, the New York State Department of Financial Services (**NYDFS**). These issues are at the root of the transaction monitoring failures described in this Settlement Notice.

20. In September 2020, the NYDFS provided a report of examination to Coinbase Inc. which found significant deficiencies across Coinbase Inc.'s compliance programme and required it to hire an independent consultant to assess the programme.

21. Coinbase Inc. was subsequently placed under investigation in 2021 by the NYDFS for various AML compliance failings. As part of the investigation, the NYDFS determined that the Coinbase Inc. compliance program required further intervention and in February 2022 appointed an independent monitor¹⁷ to evaluate Coinbase Inc.'s compliance environment and to work with Coinbase Inc. to fix the various issues.

22. On 4 January 2023, the NYDFS announced the settlement of the enforcement action with Coinbase Inc. entering into a consent order with the NYDFS and accepting a settlement in the amount of \$100 million, comprising a penalty of \$50 million and commitment to invest \$50 million in compliance improvements.¹⁸ The

¹⁶ Link to the NYDFS consent order available at the following link:

https://www.dfs.ny.gov/system/files/documents/2023/01/ea20230104_coinbase.pdf

¹⁷ As part of an enforcement action, an independent monitor can be appointed by the NYDFS in order to oversee and test the implementation of remedial compliance measures to address past deficiencies at a firm. The terms of the monitorship may form part of enforcement settlement and its term can usually be extended at NYDFS' discretion. This is seen as an exceptional measure and will only be taken in more serious cases.

¹⁸ Link to the NYDFS press release available at the following link:

https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202301041



consent order explains the root cause failings in transaction monitoring within Coinbase Inc.¹⁹ during much of the Relevant Period for this Settlement Notice:

“8. In late 2020 and in 2021, Coinbase did take certain steps to remediate the issues identified by the Department and the Independent Consultant. However, substantial weaknesses remained, and, over the course of 2021, it became clear that Coinbase’s compliance system was inadequate to handle the growing volume of Coinbase’s business, a situation that was exacerbated by tremendous growth in its customer base.

23. Coinbase Europe outsourced the operation and oversight of the TMS to Coinbase Inc. As such, Coinbase Europe should have been aware that NYDFS had raised serious concerns about AML compliance failings at Coinbase Inc., as any such failings could affect Coinbase Europe’s ability to comply with its regulatory obligations. However, Coinbase Europe was not aware of the NYDFS concerns at this time.

The VASP registration

24. By 2022, Coinbase Europe had commenced the application process for VASP registration. Coinbase disclosed the Backlog during the application process and explained that it was a consequence of surging customer growth. As Coinbase Europe was unaware of the Non-Monitoring Issue at the time, the Central Bank was not informed that deficiencies had been identified in the TMS. The difference is relevant for the Central Bank’s consideration of risk as there is a material difference from a risk perspective between a delay in transaction monitoring due to increased customer numbers and a failure to fully and properly monitor transactions for activity identified by Coinbase Europe as “*high risk*” or “*very high risk*” due to a fault in the system.

¹⁹ Coinbase Inc. is referred to as “Coinbase” in the consent order.



25. The Central Bank was assured throughout the application process that the Backlog was being remediated as soon as possible and that steps were being taken to ensure Coinbase Europe's future AML compliance resources were appropriately scaled.
26. The NYDFS enforcement action was notified to the Central Bank in February 2022 by CBIE in the course of its engagements with its supervisory team, but only in limited detail. Given CBIE's shared compliance function with Coinbase Europe, Coinbase Europe representatives were included in correspondence. At that time, the Central Bank requested that it be notified of any knock-on impact of this action. However, the Central Bank received no further information until January 2023 when the Central Bank was notified of the publication of the consent order between NYDFS and Coinbase Inc.
27. In September 2022, Coinbase Europe met with representatives from the Central Bank to discuss its application for registration as a VASP. At that meeting, Coinbase Europe advised that plans were in place to resolve the Backlog.
28. On 21 November 2022, in response to specific queries on progress in resolving the Backlog, Coinbase Europe told the Central Bank:
- "[Coinbase Europe] is still experiencing transaction monitoring related backlogs. The majority of cases have been investigated, with appropriate internal actions taken including account closures where relevant and are subject only to final review and, where required, STR submission to the Irish FIU via GoAML. Efforts continue to remediate the backlogs as soon as possible in order to move to business-as-usual numbers."*
29. The assurances provided by Coinbase Europe in September and November were relevant to the Central Bank's decision to grant Coinbase Europe's VASP registration in December 2022.



Coinbase Europe's awareness of the Non-Monitoring Issue

30. Although it is clear that Coinbase Inc. was aware of the Non-Monitoring Issue and the TMS Configuration Issues from 2021, Coinbase Europe does not appear to have been aware until much later.
31. There is no evidence of any attempt to communicate the Non-Monitoring Issue and the TMS Configuration Issues to Coinbase Europe until 30 November 2022. On this date, Coinbase Inc. included a reference to “*the ERC-20 Lookback Exercise*” as a line item in a presentation at a routine Coinbase Group compliance forum attended by senior Coinbase Europe staff. The minutes of that meeting do not record any discussion of the issue and, at interview with the Central Bank, a Coinbase Europe staff member who had attended the Forum confirmed no recollection of any such discussion.
32. The first specific relevant communication between Coinbase Inc. and Coinbase Europe was on 6 February 2023. On this date, Coinbase Inc. sent correspondence to Coinbase Europe to request approval to load a sample of transaction monitoring alerts onto a third party review platform used by Coinbase Inc., when investigating those alerts.
33. Attached to that correspondence was a detailed document describing the ERC-20 Lookback. At this point, it is clear from this document that a large volume of global transactions had not been fully and properly monitored due to the TMS Configuration Issues identified in 2021 and during a model validation exercise in 2022.
34. On 19 April 2023, the Coinbase Europe board received an update on Coinbase Europe's TMS backlog and continuing remediation efforts. There is no discussion in the minutes of the ERC-20 Lookback although there was discussion of the Backlog.
35. As stated above, Coinbase Europe had a shared compliance function with its sister entities in Ireland. By May 2023, the Central Bank had raised various supervisory



concerns with Coinbase Europe's sister entity, CBIE, including that its compliance frameworks had not kept pace with growth and that the entities needed to be much more proactive in bringing issues and risks to the Central Bank's attention. In circumstances where it shared the same compliance function with CBIE, Coinbase Europe should have been aware of the Central Bank's concerns and expectations.

36. As part of separate supervisory engagement in early May 2023, senior management within Coinbase Europe acknowledged that progress could be made on remediation of the Backlog. After this engagement, the same members of senior management and others in Coinbase Europe were copied on the following message in an instant messaging communication involving employees across various Coinbase Group entities in different countries:

"The CBI (and other international regulators) are focussed on timelines for remediation particularly for the ERC-20 [Lookback], which based on our current resourcing will be pushed out to May 2024 for final completion for International."

In fact, the Central Bank had not yet been informed the existence of the ERC-20 Lookback or the TMS Configuration Issues.

37. On 15 May 2023, Coinbase Europe requested information on the impact of the ERC-20 Lookback on the Irish entities for the first time. In the same instant messaging communication there is a discussion on the reaction of various international regulators to any delays to this specific lookback, including relevantly, the Central Bank:

"Ireland - The CBI will be meeting with Coinbase this week to discuss an AML review of the program, including staffing levels. Given the CBI's interest in the state of the program, there are concerns the regulator will have a material negative reaction to having lookback work on ERC-20 [the ERC-20 Lookback] extend beyond the end of the year, particularly as we're already in a backlog for BAU escalation activity."



38. The same instant messaging communication also discusses the negative impact the ERC-20 Lookback may have on a sister entity's dealings with its regulator in another country. This exchange of messages indicates an awareness of the potential seriousness of this issue from a regulatory perspective, in recognition of which it was ultimately agreed to allocate more resources to completing the ERC-20 Lookback by the end of 2023.
39. At this time however, the Central Bank was unaware of the ERC-20 Lookback which related to historic transactions not being fully and properly monitored, resulting from a failure in the TMS. Instead, the Central Bank was aware only of the Backlog.
40. Although Coinbase Europe did engage with the Central Bank shortly after this exchange of instant messages, the ERC-20 Lookback was not brought to its attention.
41. Members of Coinbase Europe senior management were now aware of the Non-Monitoring Issue, however, they did not specifically escalate it to their board, instead providing an update generally on the Backlog remediation. The relevant update provided to the Coinbase Europe board at its 20 July 2023 meeting states as follows in relation to the backlog of STRs to be filed with the FIU: *"the high numbers are a result of the TMS backlog burndown which was previously communicated to the Central Bank during the VASP registration process."*
42. On 4 August 2023, Coinbase Europe submitted a REQ which it was required to provide to the Central Bank. The REQ did not refer to the ERC-20 Lookback and instead explained the reason for its continuing backlog of alerts as follows:

"[Coinbase Europe] experienced large numbers of transaction monitoring alerts during the reporting period due to fluctuations in customer numbers and customer transactions and this caused delays in the closure of these alerts. As communicated to the Central Bank during Coinbase Europe Limited's VASP registration, a significant remediation project is underway to address these overdue alerts."



43. In September 2023, Coinbase Europe completed remediation of the Backlog. At that time, the Transaction Rescreening which related to the transactions which came within the ERC-20 Lookback had not been completed.

44. As stated previously, the ERC-20 Lookback was intended to be undertaken on a phased basis. Phase 1 (which was to intentionally prioritise transactions viewed to be a high risk) was due to be completed in January 2024. In mid-October 2023, Coinbase Inc. contacted Coinbase Europe to request certain approvals necessary to begin phase 2 of the ERC-20 Lookback. It is apparent from these communications that Coinbase Europe was unaware of phase 2 and its very significant transaction numbers. As a result, the relevant staff at Coinbase Europe asked a number of questions regarding the ERC-20 Lookback. In order to understand the project, they were provided with various materials including the detailed document describing the ERC-20 Lookback previously provided by way of attachment to the 6 February 2023 correspondence.

45. On 19 October 2023, while discussions on phase 2 were ongoing between Coinbase Europe and Coinbase Inc. the following update was provided to the Coinbase Europe board in respect of the Backlog:

“CBEL [Coinbase Europe] has completed the filings of the TMS-related Suspicious Transaction (STR) reports. This was a significant exercise and is an important part of CBEL [Coinbase Europe]’s compliance with the Criminal Justice Act in Ireland. It will give the Central Bank comfort that we are complying with the Criminal Justice Act and the related reporting requirements. 20,419 reports have been filed year-to-date. The remediation was completed by the end of September.”

The update did not mention the ERC-20 Lookback or the Non-Monitoring Issue.

46. On 26 October 2023, Coinbase Inc. provided Coinbase Europe with further details on phase 2 of the ERC-20 Lookback, including the volume of transactions at issue and that it would not be completed by the end of 2023. On 27 October 2023, a



member of senior management within Coinbase Europe notified the Coinbase Europe board of the Non-Monitoring Issue. Coinbase Europe notified the Central Bank on 21 November 2023 of the Non-Monitoring Issue.

47. By the time the Central Bank was notified, the TMS Configuration Issues had been rectified and the Transaction Rescreening was ongoing. The Transaction Rescreening was completed in March 2025 resulting in 2,708 STRs with a combined value of over €13 million being filed with the relevant authorities. Due to the seriousness of the issues, the Central Bank commenced an enforcement investigation into Coinbase Europe in August 2024.

48. Coinbase Europe has informed the Central Bank that Coinbase Group has upgraded its transaction monitoring system and related tools and controls since the TMS Configuration Issues were identified. The Central Bank continues to engage with Coinbase Group's Irish based entities in relation to their governance arrangements, risk management and internal control frameworks.



Part 3 Prescribed Contraventions

1. Coinbase Europe has admitted to the prescribed contraventions at paragraphs 2 to 7 below. The entirety of the CJA 2010 is listed as a designated statutory instrument within the meaning of Section 33AN of the 1942 Act.²⁰ Accordingly, contraventions of Sections 36A(1), 54(1), 39(1) and 39(2) of the CJA 2010 are “prescribed contraventions” for the purposes of Section 33AN and Part IIIC of the 1942 Act.

2. Section 36A(1) of the CJA 2010 provides as follows:-

(1) A designated person shall, as far as possible, in accordance with policies and procedures adopted in accordance with section 54, examine the background and purpose of all transactions that -

(a) are complex,

(b) are unusually large,

(c) are conducted in an unusual pattern, or

(d) do not have an apparent economic or lawful purpose.

3. Section 54(1) of the CJA 2010 provides as follows:-

A designated person shall adopt internal policies, controls and procedures in relation to the designated person's business to prevent and detect the commission of money laundering and terrorist financing.

4. Sections 39(1) and 39(2) of the CJA 2010 provide as follows: -

(1) Without prejudice to sections 37, 38 and 59, a designated person shall apply measures to manage and mitigate the risk of money laundering or terrorist financing, additional to those specified in this Chapter, to a business relationship or transaction that presents a higher degree of risk.

²⁰ See Schedule 2 Part 2 Item 71 of the 1942 Act.



(2) For the purposes of subsection (1) a business relationship or transaction shall be considered to present a higher degree of risk if a reasonable person having regard to the matters specified in paragraphs (a) to (f) of section 30B(1)²¹ would determine that the business relationship or transaction presents a higher risk of money laundering or terrorist financing.

Prescribed Contravention 1 – Failure to carry out Transaction Monitoring

5. In the period from 23 April 2021 to 19 March 2025, Coinbase Europe contravened Section 36A(1) of the CJA 2010 by failing to fully and properly monitor 30,442,437 transactions.

Prescribed Contravention 2 – Failure to adopt Policies and Procedures

6. In the period from 23 April 2021 to 19 March 2025, Coinbase Europe contravened Section 54(1) of the CJA 2010 by failing to adopt internal policies, controls and procedures in relation to its business to prevent and detect the commission of money laundering and terrorist financing, on the basis that any policies, controls and procedures that were in place did not operate to prevent and detect the commission of money laundering and terrorist financing.

Prescribed Contravention 3 – Failure to carry out Additional Monitoring

7. In the period from 23 April 2021 to 19 March 2025, Coinbase Europe contravened Section 39(1) of the CJA 2010 by failing to conduct additional monitoring in respect of 184,790 transactions.

²¹ Section 30B(1) For the purposes of determining the extent of measures to be taken under subsections (2) and (2A) of section 33 and subsections (1) and (3) of section 35 a designated person shall identify and assess the risk of money laundering and terrorist financing in relation to the customer or transaction concerned, having regard to—(a) the relevant business risk assessment, (b) the matters specified in section 30A(2), (c) any relevant risk variables, including at least the following: (i) the purpose of an account or relationship; (ii) the level of assets to be deposited by a customer or the size of transactions undertaken; (iii) the regularity of transactions or duration of the business relationship; (iv) any additional prescribed risk variable, (d) the presence of any factor specified in Schedule 3 or prescribed under section 34A suggesting potentially lower risk, (e) the presence of any factor specified in Schedule 4, and (f) any additional prescribed factor suggesting potentially higher risk.



Part 4. Sanction

1. The Central Bank's approach to the determination of sanctions under the ASP is delineated by the 1942 Act and Part 6 of the Administrative Sanctions Procedure Guidelines 2023 (the **ASP Guidelines**).
2. Having considered all of the available sanctions relevant to a firm as provided in section 33AQ (3) of the 1942 Act, the prescribed contraventions and the Undisputed Facts, the Central Bank has determined that a combination of a **reprimand** and a **monetary penalty in the amount of €30,663,906 (reduced to €21,464,734 after application of the settlement scheme discount of 30%)** represents a proportionate sanction in the totality of the circumstances. Further details on how the monetary penalty was assessed are set out below.

Determination of the Monetary Penalty

The monetary penalty

3. The Central Bank followed the steps outlined in Part 6 of the ASP Guidelines 2023 in determining an appropriate monetary penalty:

Step 1 – Consider starting point figure

4. The Central Bank can impose a monetary penalty up to a maximum of either 10% of Coinbase Europe's annual turnover for the last complete financial year or €10 million, whichever figure is greater. Based on the financial position of Coinbase Europe, the turnover-related penalty (as opposed to the figure of €10 million) is the maximum penalty that could be imposed in this case. In this regard, Coinbase Europe's turnover for 2024 was €486,565,000. 10% of this is €48,656,500.
5. Coinbase Europe became a 'Designated Person' under the CJA 2010 on 23 April 2021, when its obligations under the CJA 2010, including transaction monitoring came into effect. Coinbase Europe primarily derives its turnover from the crypto



asset transactions it is obliged to monitor under the CJA 2010, where users transact in crypto assets for a service fee.

6. The Central Bank considers that the appropriate starting point for the calculation of the monetary penalty to be the average of Coinbase Europe's total annual turnover for the 44.25 month period in which the breaches occurred (23 April 2021 and 19 March 2025) and for which turnover information is available (i.e. to 31 December 2024). The Central Bank considers this to be a proportionate starting point as the prescribed contraventions were relevant to the entire firm and they persisted for the entirety of the Relevant Period.
7. The relevant figures are as follows:

Year	Turnover
2021	€533,174,296 ²²
2022	€324,452,000
2023	€194,218,000
2024	€486,565,000

When rounded, the Starting Point Figure is €417,196,000.

²² €533,174,296 represents Coinbase Europe's average turnover from 23 April 2021 (the date Coinbase Europe became a Designated Person under the CJA) to 31 Dec 2021.



Step 2 – Identify and apply the severity level

8. With reference to Table 2 (Nature Seriousness and Effect Factors) of the ASP Guidelines December 2023,²³ the Central Bank considers the following sanctioning factors as relevant in the assessment of the severity level to apply:

- a. **Whether the prescribed contravention or conduct by the firm or individual was intentional, negligent or dishonest.**

The conduct underpinning the prescribed contraventions i.e. the manner in which Coinbase Europe undertook its transaction monitoring, was negligent.

- b. **The duration of the prescribed contravention:**

The breaches lasted from April 2021 to March 2025, almost four years. As a result of Coinbase Europe's failures, transactions that by their nature were potentially related to ML/TF, were not identified and scrutinised for a period ranging from months to years.

- c. **There was more than one prescribed contravention or repeated commission of a prescribed contravention by a firm.**

There are three prescribed contraventions that were repeatedly committed during the Relevant Period. 30,442,437 transactions were not fully and properly monitored by Coinbase Europe from April 2021 (start of the Relevant Period) to April 2022. These transactions were not monitored for known high risk or very high-risk scenarios for that period. This equated to 31% of Coinbase Europe's total transactions for that period. Once those transactions were re-screened, 184,790 of those transactions were identified as requiring further review. This work was not completed until March 2025 (end of the Relevant Period).

²³ Paragraph 374 of the ASP Guidelines.



d. **The extent to which Coinbase Europe departed from any standard to which it is subject.**

The Central Bank has published guidance and issued communications to industry in relation to the standards expected of firms in respect of compliance with their legal obligations including:

- Anti-Money Laundering and Countering the Financing of Terrorism Guidelines for the Financial Sector, 23 June 2021 (the **Guidelines**).
- Anti-Money Laundering Bulletin, October 2020 (the **Bulletin**).

The Guidelines have a number of relevant standards which Coinbase Europe failed to have regard to, including the requirement that *“where Firms have deployed Transaction Monitoring controls to meet their obligations under the CJA 2010, they should ensure that these controls are effective and that the controls detect what suspicious activity looks like in the context of the Firm’s business activities and also in the context of the Firm’s specific customer profile(s)”*.

In addition, the Guidelines also provide the following which re-iterate Central Bank expectations contained in the Bulletin:

“Firms should ensure that the adequacy of its controls are subject to continued and regular review. If an automated system is employed, the rules, scenarios, and thresholds should be regularly reviewed and tested to ensure that they continue to detect identified risks and emerging risks.”

The Bulletin also noted that *“The failure of a designated person to implement effective transaction monitoring controls that are commensurate to the risks inherent to that designated person’s business activities and customer risk profile negatively impacts their ability to detect suspicious activity and to file STRs with the relevant authorities.”*



In this case, Coinbase Europe significantly departed from the above cited standards expected of it as a VASP. Accordingly, this increases the seriousness of the prescribed contraventions.

- e. **The potential impact of the prescribed contraventions on the orderliness of the financial markets, including whether public confidence in those markets has been damaged or put at risk.**

Coinbase Europe's transaction monitoring failings could potentially affect public confidence in the financial markets and the virtual asset sector in particular. In this regard, if the public cannot have confidence that transactions (and in particular crypto transactions) are appropriately and fully and properly monitored, this will increase the perception that operations in the industry are facilitating or could potentially be facilitating ML/TF. This is inherently damaging to public confidence in that market.

- f. **Whether the conduct underlying the prescribed contravention by the firm or individual involved or facilitated the commission of an offence, and the nature and seriousness of any such offence.**

A contravention that facilitates the commission of an offence, will ordinarily be viewed more seriously by the Central Bank. The prescribed contraventions meant suspicious transactions were not identified or scrutinised, which in turn significantly delayed the reporting of these transactions to the authorities. The STRs included transactions flagged by TMS as having reasonable grounds for suspecting money laundering, including for being potentially associated with: the darknet; controlled substances; illegal media services; money laundering; malware; ransomware; scam; theft; child sexual abuse material; and OFAC.

However, the Central Bank cannot say if any of the transactions subject to these STRs resulted in a criminal offence. This has therefore not been taken into account as a sanctioning factor.



g. Whether the prescribed contravention committed by the firm or individual reveals any serious weakness.

The prescribed contraventions in this case relate to key regulatory requirements, the objective of which is the prevention of the criminal offences of money laundering and terrorist financing. The prescribed contraventions revealed serious weaknesses in Coinbase Europe's transaction monitoring system. Coinbase Europe's failure to ensure the effectiveness of their transaction monitoring system setup, meant that approximately 30 million transactions (totalling €176.5 billion in value) were not fully and properly monitored during the Relevant Period, ultimately resulting in 2,708 STRs to the FIU.

9. Having considered these factors, the Central Bank deemed that the **correct severity level to apply is 7 on a scale of 1 - 10**. This corresponds with 7% of the Starting Point Figure, i.e. 7% of €417,196,000 is €29,203,720.

The Base Monetary Penalty is €29,203,720.

Step 3 – Consider aggravating or mitigating factors

10. The Central Bank is satisfied, having reviewed the factors set out in Table 3 (Conduct Factors) and Table 4 (Previous Record Factors) of the ASP Guidelines, that there are no mitigating factors which would warrant a decrease to the Base Monetary Penalty.
11. An aggravating factor is how quickly, effectively and completely the firm brought the prescribed contraventions to the attention of the Central Bank or any other relevant regulatory authority, agency or criminal investigative body. The Central Bank considers it as an aggravating factor, which warrants an increase in sanction, the considerable delay in bringing the prescribed contraventions to the attention of the Central Bank in late 2023 when individuals within Coinbase Europe should have been aware of the underlying Non-Monitoring Issue since February of that year.



12. Having considered these factors, the Central Bank has applied an aggravating factor of 5% of the Base Monetary Penalty.

This corresponds with 5% of the Base Monetary Penalty, i.e. 5% of €29,203,720.

This corresponds to €1,460,186.

The Base Monetary Penalty of €29,203,720 has been increased by €1,460,186 to €30,663,906.

Step 4 – Consider any further adjustment

13. The Central Bank then considered if the Base Monetary Penalty needs to be adjusted by reference to the factors in Table 5 (Other Relevant Considerations) of the ASP Guidelines December 2023. The Central Bank does not consider any further factor as relevant.

The Base Monetary Penalty remains at €30,663,906.

Step 5 – Consider whether any maximum penalty adjustment is required

14. The Central Bank can impose a monetary penalty up to a maximum of either 10% of Coinbase Europe's annual turnover for the last complete financial year or €10 million, whichever figure is greater. As set out above, based on the financial position of Coinbase Europe, the maximum penalty that could be imposed in this case is €48,656,500.

15. As the figure proposed at Step 4 does not exceed that maximum, no maximum penalty adjustment is required.

Step 6 – Consider the sanctions to be proposed in their totality

16. In its approach to determining sanctions, the Central Bank considers the overarching general principles of proportionality, deterrence, and totality. The Central Bank does not consider that the imposition of a reprimand alone would be



sufficient in the circumstances of this case to satisfy these principles, due to the serious nature of the prescribed contraventions.

17. In this regard, the Central Bank has taken into account the nature of the prescribed contraventions, the facts of the case and the circumstances of Coinbase Europe, including its size and financial position. The Central Bank considers that the sanctions in this case, being a reprimand and a monetary penalty in the amount of **€30,663,906** are proportionate to the prescribed contraventions and to the circumstances of Coinbase Europe.

18. The Central Bank does not consider that any adjustment to the monetary penalty is required, having regard to the overall suite of sanctions to be imposed in the case.

No totality adjustment is required / has been made.

Step 7 – Final Monetary Penalty

19. The Central Bank therefore considers that a monetary penalty of **€30,663,906** is appropriate.

The final monetary penalty is €30,663,906.

Settlement Scheme Discount

20. As this settlement is agreed under the Undisputed Facts Settlement Process,²⁴ the maximum percentage discount which can be applied is 30% in line with paragraph 304 of the ASP Guidelines. In this case, the Central Bank has determined that it is appropriate to apply the maximum percentage discount of 30%. Therefore, the final monetary penalty of €30,663,906 has been reduced by 30% to take account of the settlement discount.

The monetary penalty being imposed is €21,464,734.

²⁴ Section 38 of the ASP Guidelines.



APPENDIX

Chronology of Events

Date	Description
August 2020	Coinbase Europe's incorporation.
October 2020	The relevant TMS scenarios go into production. The TMS Configuration Issues originate from this date.
November 2020	An agreement is entered into between Coinbase Inc. and Coinbase Europe whereby Coinbase Inc. is responsible for transaction monitoring on behalf of Coinbase Europe. Coinbase Europe begins servicing customers.
April 2021	Coinbase Europe becomes a 'Designated Person' under the CJA 2010, when its obligations under the CJA 2010, including transaction monitoring come into effect.
August 2021	Coinbase Inc. identifies the first TMS configuration issue (24 August). The system is rectified on 8 September 2021 for transactions that happen after that date.
April 2022	Coinbase Inc. identifies the second and third TMS configuration issues (8 April). The system is rectified on 29 April 2022 for transactions that happen after that date.
December 2022	Coinbase Europe registers with the Central Bank as a Virtual Asset Service Provider (20 December).
February 2023	Coinbase Inc. sends correspondence to Coinbase Europe attached to which is a detailed document describing the ERC-20 Lookback. At this point, it is clear from this document that a large volume of global transactions had not been properly monitored due to the TMS Configuration Issues identified in 2021 and during a model validation exercise in 2022.
May 2023	Coinbase Europe is party to internal group discussions regarding the ERC-20 Lookback and its impact on the Irish entities for the first



	time. This exchange of messages indicates an awareness of the seriousness of this issue from a regulatory perspective.
September 2023	Following its registration in December 2022, Coinbase Europe completes the remediation of the original backlog of alerts that the Central Bank was informed of during the VASP registration process (the Backlog). This does not include the transactions that came within the ERC-20 Lookback.
October 2023	Coinbase Inc. indicates to Coinbase Europe that the ERC-20 Lookback will not be completed by the end of 2023. On 27 October 2023, a member of senior management within Coinbase Europe notifies the Coinbase Europe Board of the Non-Monitoring Issue. Coinbase Europe notifies the Central Bank on 21 November 2023 of the Non-Monitoring Issue.
March 2024	Approximately 93% of the transactions requiring review through the ERC-20 Lookback that Coinbase Inc. was conducting relating to the Impacted Screening Rules were fully reviewed by 31 March 2024.
December 2024	Approximately 99% of the transactions requiring review through the lookback that Coinbase Inc. was conducting relating to the Impacted Screening rules were fully reviewed by 31 December 2024.
March 2025	The ERC-20 Lookback and remediation of the Non-Monitoring Issue is completed.