

[← THE FLYWHEEL HIDDEN INSIDE COINBASE'S INCOME STATEMENT](#) PART 3 OF 8

The Deribit Bet: What Coinbase Actually Bought for \$2.9 Billion*

Derivatives Revenue, PPA Amortization, and the CME Threat That Consensus Hasn't Priced

Siddhant Shah 2 Mar 2026 4 min

Derivatives

THE SHORT VERSION

Before the Deribit acquisition, Coinbase's institutional business was primarily a spot and futures desk. After it, Coinbase operates the world's largest crypto options exchange by open interest, serving the sophisticated institutional counterparties who drive the most fee-dense trading in the ecosystem.

That distinction matters. This isn't a bolt-on. It's a different business.

ILLUSTRATIVE EXERCISE

This is a **demonstrative modelling exercise**, written to show a method: how the numbers are built, which assumptions carry the answer, and where the disclosure gaps are. It is **not a price target, not a recommendation, and not a view on the security**. Any valuation range shown is an output of the stated assumptions, not a judgement about what the shares are worth. See the [full disclosure](#).

What Coinbase Actually Bought

Deribit is headquartered in Panama, operates across major jurisdictions, and as of February 2026 holds approximately \$10.5B in **BTC** options open interest – the metric that broadly defines market leadership in crypto derivatives. The platform processes institutional-grade options and futures from hedge funds, market makers, and sophisticated crypto-native traders who require deep liquidity, precise execution, and reliable clearing. No other crypto derivatives venue operates at comparable depth in options specifically.

Coinbase acquired Deribit on August 14, 2025 for \$2.9B total: \$700M cash and approximately 11 million COIN shares. The acquisition generated a goodwill step-up from \$1,139.7M to \$4,169.0M, and net identifiable intangibles on the balance sheet increased to \$3,396.7M post-acquisition. These figures are confirmed against the FY2025 earnings release.

The Partial-Year Numbers and the Full-Year Implication

Because the deal closed mid-year, Deribit contributed only a partial FY2025 revenue – approximately **\$52M** in Q3 and approx. **\$100-105M** in Q4, totaling approx. **\$152M** for the partial year. That partial-year contribution drove the **39%** year-over-year growth in institutional transaction revenue and the **37%** sequential increase in Q4 institutional transaction revenue to **\$185M**.

FY2026 is the first full year. At the **\$33-35M** monthly run-rate implied by Q4 2025, annualized institutional revenue from Deribit alone approaches **\$400-420M**. Against a **\$2.9B** acquisition price, that's approximately approx. **6.9-7.3x** forward institutional revenue. The NYSE was acquired by ICE in 2013 at approximately **8x** revenue – Deribit's multiple is defensible against the franchise position.

The PPA Amortization: The GAAP Cost Nobody Is Talking About

Here's the number that matters for EBIT comparability.

When Coinbase acquired Deribit, it allocated a portion of the **\$2.9B** purchase price to identifiable intangible assets – customer relationships, technology, trade name – which must be amortized over their useful lives under GAAP. The Deribit PPA Schedule tab in the attached model estimates total amortizable identifiable intangibles at approximately **\$1.35B** – customer relationships (**\$710M**, 8 years), technology platform (**\$480M**, 6 years), trade name (**\$120M**, 10 years), and non-compete agreements (**\$40M**, 3 years) – amortized across useful lives from 3 to 10 years. The resulting annual amortization is approximately **\$194M** beginning FY2026 – a **\$127M** step-up from the partial-year FY2025 figure of **\$67.1M**.

Most FY2026E EBIT estimates I've come across sit around **\$1,612M**, and the key unresolved check is whether those estimates embed the full-year PPA step-up. If they don't, consensus EBIT is overstated by approx. **\$127M**. Any comparison of FY2026E EBIT against FY2025 actuals that doesn't adjust for this step-up will draw wrong conclusions about operating leverage.

The CME Threat: The Event Consensus Has Missed

On May 29, 2026, CME Group launches 24/7 crypto futures and [options](#) trading.

CME is the world's largest [derivatives](#) exchange by open interest across all asset classes. It serves the most compliance-sensitive institutional clients – pension funds, endowments, regulated fund structures that cannot access offshore venues. It operates with the most established clearing infrastructure in [derivatives](#) globally.

Deribit is built on offshore operation, crypto-native flexibility, and deep **BTC** and **ETH** options liquidity. CME's entry attacks the institutional segment of that franchise – the large hedge funds and macro traders who currently use Deribit but would prefer a regulated, onshore clearing structure if one offered comparable liquidity. CME doesn't need to capture the majority of Deribit's volume to be disruptive. It needs only to attract a meaningful share of the most volume-intensive institutional counterparties to compress Deribit's depth advantage.

The consensus FY2026E institutional revenue of **\$695.9M** (+45% YoY) carries no adjustment for CME entry. My model estimates **\$950M** for FY2026E institutional transaction revenue, inclusive of a **\$400M** first-full-year Deribit contribution – materially above consensus. The May 29, 2026 launch was announced after most models I’ve seen were last updated. A realistic bear case – CME taking **10-15%** of Deribit’s addressable institutional flow in H2 2026 – reduces FY2026E institutional revenue by **\$40-65M** versus consensus. Not catastrophic. But additive to other model risks, and currently unpriced.

The Strategic Case Remains Intact

Despite the CME risk, the Deribit franchise is structurally defensible on a medium-term horizon. Options flow is the highest-margin, highest-fee-density segment of crypto trading. Deribit’s open interest, market maker relationships, and liquidity depth took years to build and can’t be replicated quickly. The crypto-native institutional client base – prop desks, crypto hedge funds, market makers – is more likely to stay on Deribit than to migrate to CME, whose clearing model and margin requirements are more restrictive.

CME’s entry bifurcates the institutional market. It does not eliminate Deribit’s position within it.

What to Watch

Q1 2026 institutional transaction revenue is the first clean read on Deribit’s full run-rate contribution. Watch for any management disclosure on Deribit-specific monthly volumes or revenue metrics. The CME 24/7 launch on May 29, 2026 is a calendar-driven catalyst: watch open interest migration data in the weeks following. Any reduction in Deribit’s **BTC** options open interest from the **\$10.5B** baseline is the leading indicator of competitive impact.

IN THIS SERIES

PART 1

Coinbase's Stablecoin Business Is Not What You Think It Is

The Mechanics Behind ‘USDC’ Revenue, and Why the 2026 Renewal Changes Everything

PART 2

Base Is Coinbase's Best-Kept Secret, and the Numbers Are Starting to Show It

Sequencer Economics, OP Stack Departure, and the Revenue Line Most Models Aren't Modeling

PART 3

The Deribit Bet: What Coinbase Actually Bought for \$2.9 Billion

Derivatives Revenue, PPA Amortization, and the CME Threat That Consensus Hasn't Priced

PART 4

Why Coinbase's Staking Business Is Structurally Getting Smaller

ETH Staking Mechanics, Yield Compression, and the Math Problem That Consensus Has Partially Priced

PART 5

Why Coinbase Reported a \$667 Million Loss Last Quarter

ASC 350-60, Unrealized Crypto Losses, and Why GAAP EPS Is Now Structurally Distorted

PART 6

Coinbase's Invisible Business: The Developer Platform That 270 Enterprises Are Already Using

The CDP, Institutional Infrastructure, and the AWS Parallel Nobody Is Quantifying

PART 7

Coinbase One Has 971,000 Subscribers: What That Actually Means for the P&L

Subscription Economics, Cannibalization Math, and the Trade-Off Coinbase Has Never Quantified

PART 8

Inside the Model: A Walk-Through of the Coinbase FY2019-FY2030 Equity Research Framework

Architecture, assumptions, and outputs of the nine-tab financial model behind the Coinbase Infrastructure Flywheel series

DISCLOSURE

The views expressed here are my own personal opinions. This is **not investment advice** and should not be relied upon as such. Nothing here is connected to, endorsed by, or written on behalf of Rosenblatt Securities.

© 2026 Siddhant Shah