coinbase

17 C.F.R. §§ 30.1, 30.7, Appendix E to Part 30

May 28, 2026

Via E-mail

Mr. Duncan Hennes
Director
Market Participants Division
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Request for No-Action Position Regarding FCM Deposits of Digital Commodities with Foreign Brokers to Margin Customer Positions Entered into on, or Subject to the Rules of, a Foreign Board of Trade and Interpretation Regarding the Treatment of Deribit Perpetuals as foreign futures for purposes of Part 30 of Commission Regulations

Dear Mr. Hennes:

Coinbase Financial Markets, Inc. (**CFM**)[1] is writing to request that the Market Participants Division (the **Division**) of the Commodity Futures Trading Commission (**Commission** or **CFTC**), pursuant to Commission Regulation 140.99,[2] issue (i) an interpretive letter confirming that CFM may categorize the Deribit Perpetuals (defined below) as foreign futures as defined in Regulation 30.1[3] and (ii) a no-action letter confirming that the Division will not recommend that the Commission commence an enforcement action against (a) CFM under Regulation 30.7[4] for posting customer-owned digital commodities[5] and payment stablecoins (together, **Customer Digital Assets**) with

[1] NFA ID: 0542717. CFM's main business address is 1 Madison Ave., 24th Floor, New York, NY 10010. CFM's main business phone number is 888-908-7930.

[2] 17 C.F.R. § 140.99.

[3] Regulation 30.1 defines "foreign futures" as "any contract for the purchase or sale of any commodity for future delivery made, or to be made, on or subject to the rules of any foreign board of trade." 17 C.F.R. § 30.1(a).

[4] 17 C.F.R. § 30.7.

[5] For purposes of this request, the term "digital commodity" has the meaning given to it in the U.S. Securities and Exchange Commission's (the **SEC's**) and the Commission's interpretation and guidance issued in March of 2026 titled "*Application of the Federal Securities Laws to Certain Types of Crypto*

an affiliated foreign broker to margin customers' foreign futures and foreign options positions on an affiliated foreign board of trade (**FBOT**), under circumstances where the foreign broker has obtained a right of re-use over[6] the Customer Digital Assets or (b) such an affiliated foreign broker for a violation of its obligation under the Acknowledgment Letter (defined below) for taking title to, or invoking a right of re-use over, Customer Digital Assets deposited by CFM, subject to the conditions set out below.

I. Factual Background

CFM is a subsidiary of Coinbase Global, Inc. ("**Coinbase Global**") and has been registered with the Commission as a futures commission merchant (**FCM**) and a member of the National Futures Association (**NFA**) since August 15, 2023. Coinbase Inc., an affiliate of CFM and subsidiary of Coinbase Global, provides crypto trading, custody, and infrastructure services.

CFM is planning to offer its customers (including customers located in the United States) (**Customers**) access to trading in certain digital commodity derivative products, including the Deribit Futures, Deribit Options and Deribit Perpetuals (each as described below and together, the **Products**), listed on Deribit FZE (**Deribit**) through Coinbase Bermuda Limited (**CBBM**), as further described below (the **Proposal**). Deribit is a Virtual Asset Service Provider regulated by the Dubai Virtual Assets Regulatory Authority (**VARA**), which operates an FBOT for the Products, among other derivatives. CBBM is a Class F digital assets business located and regulated by the Bermuda Monetary Authority, which acts as a foreign futures and options broker and is a member of Deribit. Both Deribit and CBBM are owned by Coinbase Global.

CFM wishes to offer its Customers three Products traded on Deribit: the Deribit Futures, the Deribit Options, and the Deribit Perpetuals:

- The Deribit Futures will be net-settled contracts for the future delivery of a referenced digital commodity, such as Bitcoin or Ether, at a specified expiry date. Each Deribit Future will specify both a base (or settlement) currency and a quote currency. For a linear Deribit Futures contract, the base currency and quote currency will both be a payment stablecoin, such as USDC, meaning that the price of the Deribit Futures contract will be quoted in USDC and the contract will settle via a net payment of USDC. For an inverse Deribit Futures contract, the base currency will be the referenced digital commodity, such as Bitcoin, and the quote currency will be a payment stablecoin, such as USDC, meaning that the price of the contract will be quoted in amounts of USDC and the contract will settle via a net payment of Bitcoin.

Assets and Certain Transactions Involving Crypto Assets." 91 Fed. Reg. 13714 (Mar. 23, 2026), *available* at https://www.govinfo.gov/content/pkg/FR-2026-03-23/pdf/2026-05635.pdf.

[6] The term "right of use" in this letter refers to a customer granting a legal right to use Customer Digital Assets transferred to a foreign intermediary as margin collateral, but only under specific conditions outlined in an agreement between the parties.

- The Deribit Options will be physically settled, European-style[7] options on underlying Deribit Futures (**Underlying Contracts**).[8] The expiry date will fall before, or coincide with, the expiry date for the Underlying Contract. Upon exercise of a put option on behalf of the long holder of such option, the short holder of such option will incur the obligation to assume a long position in the Underlying Contract at the option's strike price. Upon exercise of a call option on behalf of the long holder of such option, the short holder of such option will incur the obligation to assume a short position in the Underlying Contract at the option's strike price.

- The Deribit Perpetuals provide their holders with long or short, as applicable, economic exposure to the spot price of an underlying digital commodity through a "funding rate" mechanism.[9] If a Deribit Perpetual trades at a price higher than the spot price of the underlying digital commodity, measured by reference to a Deribit index on the digital commodity's spot price, holders of long positions in the Deribit Perpetual pay a funding payment to traders holding short positions in the Deribit Perpetual, thereby incentivizing market participants to take short positions in the Deribit Perpetual. Conversely, if the Deribit Perpetual trades at a price lower than the digital commodity's spot price as measured by the relevant index, holders of short positions in the Deribit Perpetual pay a funding payment to long holders, making long positions in the Deribit Perpetual more attractive.

Customers will transact in the Products on Deribit through CFM, as their FCM, which will in turn route them to CBBM via an automated order routing system. CBBM will in

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[7] A European-style option is an option that cannot be exercised prior to the expiry date.

[8] Upon the expiration date, the Underlying Contract will settle by a net exchange of assets between the long party and the short party depending on whether the price of the specified digital commodity was above the contract price (in which case the short party would pay and the long party would receive) or below the contract price (in which case the long party would pay and the short party would receive). The contract price will equal the strike price of the option, as noted above. Deribit will set standardized sizes and units for each Underlying Contract.

[9] Deribit calculates funding payments owed or due to holders of Deribit Perpetuals every millisecond. Each funding payment will be the product of (i) a funding rate, which is based on the difference between the mark price of the Deribit Perpetual at a given time and the price of the underlying digital commodity (by reference to the relevant index) at that time subject to applicable damping rates and caps, as described in the Deribit Perpetual's product specifications, (ii) the holder's open position size, (iii) the holder's position side (long or short) and (iv) the fraction obtained by dividing the amount of time over which the funding rate was applied by eight hours. At daily settlement, Deribit will distribute or collect margin obligations from all members with open long or short positions in the Deribit Perpetuals, including aggregate funding payment obligations and/or entitlements accrued since the prior settlement period. Each Deribit Perpetual will have a standard size corresponding to a fixed amount of the underlying digital commodity. For example, each Deribit Perpetual on Bitcoin will correspond to 0.0001 Bitcoin. As with the Deribit Options, the Deribit Perpetuals may be linear (settled in a stablecoin, such as USDC) or inverse (settled in the underlying digital commodity).

turn route the orders it receives from CFM to Deribit. Deribit's matching engine will then execute a transaction by matching orders anonymously on a price-time priority basis. If an order is successfully matched with a contra-side order, the matched parties become counterparties to a trade, but Deribit will not provide either party with information about their trade counterparty. In addition, a member may close out a position by entering into a reverse trade on Deribit, even if the counterparty on that reverse trade is different from the original counterparty.[10]

In the ordinary course (*i.e.,* outside of the event of a default), settlement on Deribit occurs on a daily basis through mark-to-market processes taking place each day at 08:00 UTC. Deribit calculates mark-to-market values and margins all open positions in real time and, at the daily settlement time, credits or debits each member's account accordingly.[11] Deribit also applies initial and maintenance margin requirements. Each member is required to maintain a margin balance that meets or exceeds the maintenance margin requirement.[12] If a member fails to comply with its maintenance margin requirement, Deribit may initiate its default management framework.[13]

CFM will hold its Customers' positions in the Products and related collateral in 30.7 accounts (as defined by Commission Regulation 30.1) on its books. CFM will in turn deposit the relevant 30.7 customer funds (as defined by Commission Regulation 30.1) in a customer omnibus account at CBBM (the **CBBM Customer Omnibus**

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[10] In this way, although contracts are not novated to Deribit as central counterparty, Deribit functions in an economically similar fashion to a central counterparty. Deribit also maintains a centralized default management framework designed to backstop counterparty performance and mutualize losses such that parties trading on Deribit do not bear bilateral credit risk. *See* Note 13, *infra*.

[11] *See* Deribit Rulebook, Rule 11.5 (describing Deribit's Settlement Process).

[12] *See* Deribit Rulebook, Rule 9.37.

[13] Specifically, in the event of a member's default, Deribit will initiate the Liquidation Process described in Rule 10.1 in the Deribit Rulebook. If, following this Liquidation Process, the defaulting account continues to have a negative balance, an "insurance fund" maintained by Deribit (the **Insurance Fund**), will satisfy the account's remaining financial obligations. If the defaulting account or the aggregate of defaulting accounts during that trading session continued to have a negative balance following application of the Insurance Fund, Deribit may apply prorated variation margin gains haircutting (the **Socialized Loss Mechanism**) to all Deribit members that experienced a profit in the prior 24-hour settlement cycle. This framework causes Deribit to fall within the CEA's derivatives clearing organization (**DCO**) definition as a "facility, system, or organization that, with respect to [the Products] … provides clearing services or arrangements that mutualize or transfer among participants in the derivatives clearing organization the credit risk arising from such agreements, contracts, or transactions executed by the participants." *See* 7 U.S.C. § 1a(15); 17 C.F.R. § 1.3. Although Deribit falls within the CEA's DCO definition, it is not required to register because the Commission has interpreted the DCO registration requirement in CEA Section 5b(a) to apply to persons performing the functions of a clearing organization with respect to futures and options thereon executed on a DCM, not an FBOT. *See Exemption from [DCO] Registration*, 86 Fed. Reg. 949, 950 (Jan. 7, 2021) at n.2.

Account).[14] CBBM will in turn maintain Customer positions in the Products and associated margin in a customer omnibus account at Deribit (the **CBBM Deribit Omnibus Account**).[15] Further, Deribit will maintain assets with a value equal to 100 percent of the net liquidating equity with respect to 30.7 Customers (as defined below) trading on Deribit in one or more accounts at Coinbase Custody Trust Company, LLC, a New York state limited purpose trust company and wholly-owned subsidiary of Coinbase Global.

II. Request for Confirmation that the Deribit Perpetuals are Foreign Futures Under Regulation 30.1

A. Need for Interpretation

There is considerable uncertainty regarding the regulatory categorization of perpetual-term derivative contracts, such as the Deribit Perpetuals, under the Commodity Exchange Act (**CEA**) and Commission regulations thereunder. For example, in a recent request for comment regarding "perpetual" style digital-asset derivatives, Commission Staff expressly requested public comment regarding the proper regulatory categorization of these contracts.[16] That uncertainty presents challenges because the regulatory treatment of the Deribit Perpetuals informs the applicability of foreign futures regulation under Section 4(b) of the CEA[17] and Part 30 of the Commission's Regulations[18] to the Proposal and the treatment of the Deribit Perpetuals as "foreign

[14] That account will reflect the aggregate Product positions and margin of all of CFM's Customers on a gross basis, without netting across Customers. Each particular Customer's positions will further be reflected in a pseudonymized subaccount within the CBBM Customer Omnibus Account. These subaccounts will solely enable CBBM to manage margin and defaults on a gross basis at the subaccount level; but will not afford CBBM any direct legal rights against, or operational contact with, any individual Customer. CBBM will rely on Regulation 30.4(a)'s registration exemption for a foreign futures and options broker that accepts orders from or carries a U.S. FCM's foreign futures and options customer omnibus account. *See* 17 C.F.R. § 30.4(a).

[15] Like with the CBBM Customer Omnibus Account, each particular Customer's positions will further be reflected in a pseudonymized subaccount within the CBBM Deribit Omnibus Account, but Deribit will not have any direct legal rights against, or operational contact with, any individual Customer. Accordingly, Deribit will not be required to register as an FBOT because it will not provide Customers with "direct access" to its trade matching system. *See* 7 U.S.C. § 6(b); *Registration of Foreign Boards of Trade,* 76 Fed. Reg. 80674, 80684- 80688 (Feb. 21, 2012) (acknowledging that Part 48 "[does] not extend to [FBOTs] that do not provide direct access to [their] trade matching system from the U.S" and providing that "it does *not constitute direct access* if the order is sent by a person in the U.S. by means of an automated order routing system … to an intermediary located outside of the U.S. for further action or to pass through an order entry or risk management filter at the intermediary prior to reaching the [FBOT's] trade matching engine.").

[16] CFTC, *Request for Comment on the Trading and Clearing of "Perpetual" Style Derivatives* question 13 (Apr. 21, 2025).

[17] 7 U.S.C. § 6(b).

[18] *See* 17 C.F.R. § 30.1.

futures" for purposes of Subchapter IV of Chapter 7 of the Bankruptcy Code[19] and Part 190 of the Commission's Regulations.[20]

Legal certainty on these topics is necessary to ensure appropriate protection of customers, including application of customer funds protection under Regulation 30.7 and Part 190. CFM is thus seeking the requested interpretation to provide the regulatory clarity needed for it to proceed with the Proposal, which will help to bring innovative, primarily offshore digital commodity derivative markets into the United States regulatory perimeter, with all of the customer protections afforded by intermediation by a U.S. FCM in compliance with Part 30.[21] CFM is uniquely positioned to support access to the Products by U.S. customers given our and our affiliates' significant experience in digital commodity spot and derivatives markets, both domestically and abroad.[22]

B. Rationale for Interpretation

Regulation 30.1 defines "foreign futures" generally to mean any futures position made, or to be made, on or subject to the rules of any FBOT.[23] For the reasons described below, the Deribit Perpetuals are appropriately categorized as futures contracts and, accordingly, foreign futures under Regulation 30.1 when traded on Deribit, an FBOT.

The CEA does not define "futures contract," which has resulted in the Commission and courts assessing each transaction "as a whole with a critical eye toward its underlying purpose"[24] by evaluating whether certain characteristics common to most futures contracts are present.[25]

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[19] See 11 U.S.C. § 761(11).

[20] *See* 17 C.F.R. § 190.01.

[21] For additional information regarding the benefits of perpetual derivatives relative to traditional futures contracts. *See* Coinbase Response to Commission *"Request for Comment on the Trading and Clearing of "Perpetual" Style Derivatives*" (May 21, 2025), https://assets.ctfassets.net/o10es7wu5gm1/6Rx4fTuI2XKeLEcKeZH0kw/194f87714e82e6d6550624c9cfc07deb/Request_for_Comment_on_the_Trading_and_Clearing_of_Perpetual_Style_Derivatives-1.pdf.

[22] For example, CBBM currently offers perpetual contracts to non-U.S. customers and Coinbase Derivatives, LLC has been a DCM registered with the Commission since 2020 and currently offers, in addition to conventional futures contracts on crypto assets and non-crypto assets, "perpetual-style" futures on crypto assets with long-dated expiries. *See, e.g., CFTC Regulation 40.2(a) Certification: Listing of the nano Bitcoin Perp Style Futures* (June 26, 2025), https://www.cftc.gov/sites/default/files/filings/ptc/25/06/ptc06262524818.pdf.

[23] 17 C.F.R. § 30.1.

[24] *See CFTC v. Co Petro Marketing Group, Inc.* 680 F.2d 573, 581 (9th Cir. 1982).

[25] *See* CFTC Interpretive Letter No. 98-73, Comm. Fut. L. Rep. ¶27, 449 (Oct. 8, 1998) (**Letter 98-73**); *see, also* Policy Statement Concerning Swap Transactions, 54 Fed. Reg. 30694, 30695 (July 21, 1989) (**Swap Policy Statement**); CFTC Interpretive Letter No. 97-01, Comm. Fut. L. Rep. ¶26, 937 (Dec. 12,

Key characteristics of futures contracts, which one court has described as "necessary factors," are: "1) futurity, including delivery in the future at prices or pricing formulas that were established at the time the contracts were initiated; 2) risk transference, in that the contracts were undertaken principally to assume or shift price risk without transferring the underlying commodity; and 3) offset, in that the contracts could be satisfied through offset, cancellation, cash settlement or other means calculated to avoid delivery."[26] Other characteristics that have been identified include standardized commodity units, margin requirements related to price movements, clearing organizations which guarantee counterparty performance, open and competitive trading in centralized markets, and public price dissemination; however, the Commission has indicated that "[t]he presence or absence of these additional elements, however, is not dispositive of whether a transaction is a futures contract."[27]

It is conventionally the case that futures contracts have a finite term.[28] However, when evaluating the regulatory categorization of contracts involving intangible commodities,[29] courts have repeatedly explained that, "While futures contracts generally have a specified future delivery date, or settlement date, that date is not always specified thus allowing some futures contracts to be of 'indefinite duration.'"[30] For example, the Seventh Circuit in *CME v. SEC* concluded that contracts of "indefinite duration" can possess the attribute

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1996); *CFTC v. UForex Consulting,* 551 F.Supp.2d, 513, 529 (W.D.La. 2008), *CFTC v. Fleury*, 2010 WL 5146283 (S.D. Fl.) at *7 (**Fleury**). We note that Section 1a(27) of the CEA defines the term "future delivery" to exclude any sale of any cash commodity for deferred shipment and delivery. An extensive body of precedent exists to interpret this forward contract exclusion. However, given we do not consider that exclusion to be of much relevance to the facts you have described to us, we do not address it herein.

[26] *See CFTC v. First Lexington Group, LLC et. Al.*, 03 CV 9124 (GBD) (Apr. 22, 2008), *available at* https://www.cftc.gov/sites/default/files/idc/groups/public/@lrenforcementactions/documents/legalpleading/enffirstlexingtongroup032408.pdf ; *accord Fleury*, 2010 WL 516283 at *9, Letter 98-73, Swap Policy Statement, 54 Fed. Reg. at 30695.

[27] *Id.*

[28] Courts have, at times, described a futures contract as providing for the purchase or sale of a commodity "at a fixed date in the future." *Chicago Mercantile Exchange* v. *SEC*, 883 F.2d 537, 542 (7th Cir. 1989) (**CME v. SEC**).

[29] The Deribit Perpetuals are derivatives on digital commodities, which are intangible commodities. Accordingly, the analysis herein is limited to contracts on digital commodities that are intangible commodities, and does not address prior case law regarding the categorization of contracts on tangible commodities. *See, e.g., Andersons, Inc.* v. *Horton Farms, Inc.*, 166 F.3d 308, 318 (6th Cir. 1998).

[30] *Standard Forex II,* 1996 WL 435440, at *10, 1996 U.S. Dist. LEXIS 14778, at *29 (July 25, 1996); *See, also, CFTC v. Intern. Fin. Servs.*, 323 F.Supp.2d 482. 498 (S.D.N.Y. 2004) ("As a matter of law, defendants wrongly characterize certain indicia of futures contract as essential features of such contracts. Principally, they argue at length that without a fixed date for future delivery, a transaction cannot be a futures contract within the Commission's jurisdiction. They cite no authority for this proposition, however") and *CFTC v. International Foreign Curren.*, 334 F.Supp.2d 305, 312 (E.D.N.Y. 2004) ("[T]he fact that Defendants' contracts failed to have a specified future delivery date is not determinative").

of "futurity" – generally associated with futures contracts[31] – because futurity means "value that is set in the future" and exists where contracts provide for future executory payment obligations, not only where a contract has a final-settlement date and fixed term.[32] And, in *Zelener*, the Commission itself took the position that the transactions at issue were futures contracts because customers' positions were held open indefinitely.[33]

The Deribit Perpetuals thus exhibit all of the key characteristics of a futures contract:

(i) They exhibit futurity by providing for "future executory payment obligations" in the form of funding rate payments;[34]

(ii) They provide for risk transference by shifting the price risk of the underlying digital commodity between parties without transferring the digital commodity itself;

(iii) Holders will be able to exit their positions by offset;

(iv) They trade in fixed, standardized unit sizes;

(v) They have margin requirements related to price movements;

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[31] *See CFTC v. First Lexington Group, LLC et. Al.*, 03 CV 9124 (GBD) (S.D.N.Y. Mar. 24, 2008).

[32] *CME v. SEC* at 541. The contracts at issue in *CME v. SEC* – "index participations" or "IPs" – were perpetual-term contracts based on the value of a securities index. The seller of an IP promised to pay the buyer the value of the underlying index as measured on a "cash-out day", while the buyer paid the seller for the IP in cash on the date of the sale. *Id.* at 539. The IPs were settled on a quarterly basis, and upon settlement the seller would owe the buyer a payment obligation approximating the value of dividends the stocks in the index paid out during the prior quarter. *Id.* The IPs thus resemble the Deribit Perpetuals in that (i) long-side holders were not subject to a binding, final-settlement date and (ii) they provide for executory payments (for the IPs, the seller's quarterly dividend payments; for the Deribit Perpetuals, the funding payments) determined following initiation of the contract. Although long-side holders of the IPs could exercise, on a quarterly or semi-annual basis, their privilege to "cash-out" and thereby trigger the short-side holder's obligation to pay the value of the underlying index, delivery on the "cash-out' date was not the dominant characteristic of the IPs as final-settlement was not a binding obligation on both parties to the contract (*i.e.,* long-side holders would ordinarily never face an obligation to cash-out).

[33] *See Zelener* at 863. Although the Court ruled against the Commission in *Zelener*, the facts in that case contrast with those here. In that case, retail customers traded foreign exchange on an over-the-counter basis with a company controlled by the defendant, and the parties rolled their transactions so that customers were exposed to foreign currency prices without taking delivery. *Zelener* at 863. Notably, customers in that case did not purchase identical contracts, and their contracts did not provide a right of offset. *Id.* at 867. By contrast, here each Deribit Perpetual on a given digital commodity would be identical, and Customer positions in the Deribit Perpetuals may be offset at any time on Deribit's central-limit order book.

[34] *Id.*

(vi) Each party's obligations will be centrally cleared by Deribit;[35] and

(vii) They have prices disseminated publicly by Deribit.[36]

Further, VARA's rules classify perpetual contracts, such as the Deribit Perpetuals, as a subcategory of exchange traded derivatives.[37] VARA's rules do not characterize perpetuals as swaps or contain other provisions that would contradict a regulatory categorization of the Deribit Perpetuals as futures.[38]

As such, the Deribit Perpetuals display all of the economic terms and trading characteristics deemed by the Commission and courts to be those of futures contracts.

C. Requested Interpretation

For the foregoing reasons, we request that the Division issue an interpretive letter confirming that CFM may categorize the Deribit Perpetuals as "foreign futures" as defined by Regulation 30.1.

III. Request for No-Action Position Permitting Use of Customer Digital Assets Under Regulation 30.7

A. Need for No-Action Position

Regulation 30.7 sets forth requirements regarding an FCM's treatment and holding of funds deposited by the FCM's customers (**30.7 Customers**)[39] as margin for foreign

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[35] *See* note 10, *supra*.

[36] Trading on a DCM is not a necessary precondition for a transaction to qualify as a futures contract. When legislating to enact Dodd-Frank, Congress considered the possibility of limiting the futures exclusion from the CEA's swap definition only to exchange-traded futures, but ultimately determined not to do so. *See,* H.R. 4173, as engrossed in the House of Representatives, excluded "(i) any contract of sale of a commodity for future delivery … traded on or subject to the rules of any board of trade designated as a contract market under section 5 or 5f" (emphasis added). *See* H.R. 4173 (E.H.), Section 3101. The Senate incorporated a similar exclusion in the Bill in its considerations in March 2010: "any contract of sale of a commodity for future delivery or security futures product traded on or subject to the rules of any board of trade designated as a contract market under section 5 or 5f." (emphasis added); *but see* 7 U.S.C. 1a(47)(B)(i) (excluding the requirement that futures contracts subject to exclusion from the swap definition be exchange-traded). Also, Section 4(a) of the CEA still prohibits off-exchange futures contracts, subject to the exception for futures contracts traded on an FBOT, without treating them as swaps. 7 U.S.C. § 6(a).

[37] VARA, *Exchange Services Rulebook*, Rule V.H.1.

[38] Specifically, VARA's rules define "Exchange Traded Derivatives" to expressly include futures contracts. VARA, *Exchange Services Rulebook* sched. 1, definition of "Exchange Traded Derivative" or "ETD".

[39] Regulation 30.1 defines the term "30.7 customer" to include both U.S. and non-U.S. persons who trade foreign futures or foreign options through an FCM. 17 C.F.R. § 30.1.

futures and foreign options transactions (**30.7 Customer Funds**),[40] including that an FCM must maintain at all times a sufficient amount of funds in specially designated accounts to satisfy the account balances of all its 30.7 Customers.[41] In addition, 30.7 Customer Funds must be held in clearly identifiable accounts at certain permitted categories of depository institutions (**Permitted Depositories**)[42] and an FCM must obtain an acknowledgment letter, such as the acknowledgment letter contained in Appendix E to Part 30 (the **Acknowledgment Letter**), from each Permitted Depository that it uses.[43] Where an FCM holds 30.7 Customer Funds in accounts maintained outside of the United States, such as with a foreign broker or Permitted Depository located in a foreign jurisdiction, Regulation 30.7(c) requires, among other things, that the FCM (i) deposit the 30.7 Customer Funds under the laws and regulations of the foreign jurisdiction that provide the greatest degree of protection to such funds and (ii) may not waive (by contract or otherwise) any of the protections afforded customer funds under the laws of the foreign jurisdiction (the **Customer Funds Restrictions**).[44]

In December 2025, the Division issued Letter 26-05 granting CFM's request for a no-action position allowing CFM's customers to use non-securities crypto assets as customer margin collateral, including as collateral for foreign futures and options positions under Part 30, subject to certain conditions and limitations.[45] Although Letter 26-05 contemplated the use of crypto assets as customer collateral in a Part 30 structure, including by addressing, among other things, the treatment of such crypto assets in segregation calculations under Regulation 30.7(f)(2), and acknowledged the benefits of crypto asset collateral to derivatives markets generally, it did not address the requirements of Regulation 30.7 regarding how such crypto assets must be held in

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[40] Regulation 30.1 defines the term "30.7 customer funds" to mean any money, securities or other property received by a FCM from, for or on behalf of 30.7 Customers to margin, guarantee or secure foreign futures or foreign option positions, or money, securities or other property accruing to 30.7 Customers as a result of foreign futures and foreign option positions.

[41] 17 C.F.R. § 30.7(a).

[42] Permitted Depositories under Regulation 30.7 include banks and trust companies located in the United States, banks and trust companies located outside of the United States that have in excess of $1 billion of regulatory capital, FCMs registered with the Commission, DCOs, clearing organizations of FBOTs, members of FBOTs and designated depositories of members of FBOTs or foreign clearing organizations.17 C.F.R. § 30.7(b).

[43] The Acknowledgment Letter must include a provision specifying that the 30.7 Customer Funds must be treated by the depository in accordance with Section 4(b) of the Act and Commission Regulation 30.7. 17 C.F.R. § 30.7(d) and Appendix E to Part 30.

[44] 17 C.F.R. § 30.7(c).

[45] CFTC Staff Letter No. 25-40, *Staff No-Action Position Regarding Digital Assets Accepted as Margin Collateral* (Dec. 8, 2025), re-issued on February 6, 2026, as CFTC Staff Letter 26-05 with a limited revision (**Letter 26-05**).

a foreign jurisdiction as 30.7 Customer Funds.[46]

In November 2025, the Division issued an interpretive letter addressing analogous questions in the context of an FCM depositing customer-owned securities and securities purchased with customer funds (collectively, **Customer Securities**) with a foreign broker affiliate under a right of re-use.[47] That interpretation clarified that an FCM would not be in violation of its obligations under Regulation 30.7 and the Customer Funds Restrictions, and a foreign broker or foreign clearing organization that is a Permitted Depository would not be in violation of its obligations under the Acknowledgment Letter, if it took title to or invoked a right of re-use over "Customer Securities" that the FCM deposited as 30.7 Customer Funds.[48] However, Letter 25-38 is not applicable to Customer Digital Assets (because they are not securities).

B. Rationale for No-Action Position

The requested no-action position seeks to further effectuate Letter 26-05 by filling the gap created by Letter 25-38's limitation to Customer Securities, while ensuring appropriate guardrails and Commission oversight given the nascent nature of the global digital-asset derivatives industry. Specifically, CFM is seeking a no-action position to clarify that an FCM may post Customer Digital Assets as collateral with a foreign broker under a right of re-use to provide such Customer Digital Assets to a foreign board of trade or foreign clearing organization and that the foreign broker may invoke such a right of re-use.

Similarly to the Division's interpretation in Letter 25-38, the requested no-action position is limited to rights of re-use obtained by a foreign broker that are authorized or required under the applicable local regulatory regime or rules of the foreign clearing organization. Further, we also propose that the foreign broker may only use or re-use Customer Digital Assets for the purpose of margining or securing 30.7 Customer obligations arising from foreign futures and foreign options positions.

Further, the no-action position would be subject to conditions beyond those imposed in Letter 25-38 in order to address potential risks to customer protection and market integrity arising from the fact that the Commission, market participants and markets generally have less experience with the use of Customer Digital Assets as collateral relative to Customer Securities. This is consistent with Letter 26-05, which imposes additional conditions on FCM acceptance of Customer Digital Assets as customer collateral. These conditions, which are described below, are designed to provide enhanced protection of customers through: (i) appropriate segregation and treatment of

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[46] *Id.*

[47] CFTC Staff Letter No. 25-38, *Staff Interpretation Regarding FCM Deposits of Securities with Foreign Brokers and Foreign Clearing Organizations to Margin Customer Positions Entered into on, or Subject to the Rules of, a Foreign Board of Trade* (Nov. 25, 2025), (**Letter 25-38**).

[48] *Id.*

30.7 Customer Funds, not only by an FCM at the foreign broker, but also by the foreign broker at the FBOT; (ii) audit and disclosure of the FBOT's financial statements and operational controls, (iii) robust information security systems risk management controls that are integrated as part of the enterprise risk management program of an affiliated group that includes a registered DCM and FCM[49] and (iv) parent company management responsibility for and independent assessment of internal controls as required under Section 404 of the Sarbanes-Oxley Act ("SOX").[50]

C. *Requested No-Action Position*

For the foregoing reasons, we request that the Division issue a no-action letter confirming that the Division will not recommend that the Commission commence an enforcement action against (a) CFM under Regulation 30.7 for posting Customer Digital Assets with CBBM to margin its Customers' foreign futures and foreign options positions on Deribit under circumstances where CBBM has obtained a right of re-use over the Customer Digital Assets and (b) CBBM for a violation of its obligation under the Acknowledgment Letter for taking title to, or invoking a right of re-use over, Customer Digital Assets deposited by CFM. In order to rely on this no-action position:

(a) CFM, CBBM and Deribit must remain wholly-owned subsidiaries of Coinbase Global, a public reporting company;

(b) CFM must ensure that Deribit and CBBM enter into an agreement consistent in substance with the Acknowledgment Letter set forth in Appendix E to Part 30, subject to conforming changes as appropriate to reflect the naming convention for the account, which must in turn be filed with the Commission;

(c) CFM must make available to relevant 30.7 Customers Deribit's annual audited financial statements and System and Organization Controls (**SOC**) 2 report;

(d) Neither Deribit nor CBBM nor any of their respective affiliates may be subject to a criminal disqualification;[51]

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[49] Condition (iii) enhances customer protection by ensuring that Deribit's acceptance and handling of Customer Digital Assets are subject to comprehensive information security systems risk-management controls and procedures designed to promote prompt and effective identification, escalation and mitigation of the unique risks posed by the use of Customer Digital Assets as collateral and integrated within a broader, enterprise-wide risk-management program applicable to Commission-regulated entities.

[50] Deribit is a wholly-owned subsidiary of Coinbase Global, a large accelerated filer registered with the Securities and Exchange Commission and subject to the management accountability, independent review and public disclosure requirements of SOX Section 404. 15 U.S.C. § 7262. This supports customer protection by ensuring the accuracy, reliability and integrity of Coinbase Global's internal controls regarding its publicly disclosed financial information, including with respect to Customer Digital Assets maintained by Deribit.

[51] For purposes of this request, the term "criminal disqualification" means grounds for refusal to register or to revoke, condition, or restrict the registration of any registrant or applicant for registration as set forth in

(e) CFM must ensure that CBBM and Deribit have agreed to handle Customer Digital Assets in accordance with a program of risk analysis and oversight with respect to their operations and automated systems that includes information security controls and that is integrated at the consolidated entity level as part of an affiliated group that includes a U.S. public reporting company;

(f) The right of re-use must be authorized or required under the local regulatory regime applicable to CBBM or Deribit, including Deribit's exchange rules;

(g) The Customer Digital Assets may be used or re-used by CBBM solely for the purpose of margining or securing 30.7 Customer obligations arising from 30.7 Customers' foreign futures and foreign options positions;

(h) In addition to the standard disclosure statement required by Commission Regulations 1.55(b) and 30.6, CFM must provide 30.7 Customers with a disclosure statement describing the transaction and 30.7 Customer Funds flow, the role of each Coinbase Global affiliate involved in the offer and settlement of the Products and Deribit's default management framework; and

(i) CFM must comply with the conditions enumerated in Letter 26-05, including the conditions addressing qualifications that the Customer Digital Assets must meet in order for CFM to take into account the value of such Customer Digital Assets (and the applicable haircuts to such value) when (i) determining whether or to what extent a 30.7 Customer account is undermargined for purposes of Commission Regulation 1.17(c)(5)(viii) and (ii) performing segregation calculations as required by Commission Regulation 30.7(f)(2).

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Thank you for your consideration of this letter. Please do not hesitate to contact me with any questions you may have.

Pursuant to Regulation 140.99(c)(3), the undersigned hereby certifies that the material facts set forth herein are true and complete to the best of their knowledge, and undertakes that, if at any time prior to the issuance of a no-action letter, any material representation made in this letter ceases to be true and complete, they will promptly inform Commission Staff in writing of all materially changed facts and circumstances.

CEA Sections 8a(2)(D), 8a(3)(D), 8a(3)(E) and 8a(3)(H). 7 U.S.C. §§ 12a(2)(D), 12a(3)(D), 12a(3)(E), 12a(3)(H).

Respectfully submitted,

/s/ Eugene Ferrara

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