coinbase

17 C.F.R. §§ 40.6(a)(3); 40.6(b)(1)

June 12, 2026

VIA ELECTRONIC MAIL (DMOletters@cftc.gov)

Mr. Joshua Beale
Acting Director
Division of Market Oversight
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Request for No-Action Relief from CFTC Regulations 40.6(a)(3), 40.6(b)(1)

Dear Mr. Beale:

Coinbase Derivatives, LLC (**Exchange** or **CDE**) respectfully requests that staff of the Division of Market Oversight (**Division**) issue a no-action letter stating that it will not recommend that the Commodity Futures Trading Commission (**CFTC** or **Commission**) take enforcement action against CDE for amending the terms of its previously-self-certified long-dated perpetual-style futures contracts enumerated in Appendix A (the **Contracts**) to remove their expiry dates, with an immediate effective date upon publication of the amendments, notwithstanding the requirements of Commission Regulations 40.6(a)(3) and 40.6(b)(1).[1] CDE further requests the Division confirm that it will not recommend that the Commission, or exercise delegated authority from the Commission to, take action to issue a stay of the certification of such amendments to the Contracts pursuant to Commission Regulation 40.6(c)(1).[2]

I. Background

CDE is a Delaware corporation and has been designated by the Commission as a contract market (**DCM**) since November 2020.[3] CDE provides a regulated trading venue for futures contracts and operates alongside Nodal Clear, LLC, a CFTC-registered derivatives clearing organization.

CDE has previously self-certified and currently lists the perpetual-style futures contracts, the first of which commenced trading on July 21, 2025. In an effort to bring this contract type onshore to U.S. customers while maintaining that the Contracts were appropriately characterized as futures under CFTC regulations and then-existing guidance, the Contracts have a stated expiry date, but that date is relatively far in the future. However, consistent with the fundamental

[1] 17 C.F.R. §§ 40.6(a)(3); 40.6(b)(1).

[2] 17 C.F.R. §§ 40.6(c)(1).

[3] In the Matter of the Application of LMX Labs, LLC for Designation as a Contract Market (Nov. 23, 2020).

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mechanics of a true perpetual, the Contracts also included a funding mechanism that provides a constant, economic incentive for each Contract's pricing to converge with the underlying spot market. Given the stated, long-dated expiry (e.g., 2030), the funding rate drives the economics; these Contracts created comparable exposure to a true perpetual and included an expiry date solely to ensure compliance with existing guidance for what constituted a "future."

On May 29, 2026, the Commission issued an Order for Approval to KalshiEX, LLC, (**Kalshi**) a DCM, for the listing of the BTCPERP Contract, a perpetual contract that references the spot price of Bitcoin, as a futures contract (the **Kalshi Approval Order**).[4] Kalshi voluntarily submitted that BTCPERP Contract pursuant to Commission Regulation 40.3 for review and approval.[5] The Commission contemporaneously issued a policy statement (**Policy Statement**) concerning the listing of perpetual contracts.[6]

II. Applicable Law

Commission Regulation 40.6(a) permits a registered entity, such as a DCM, to self-certify its rules, provided it complies with certain requirements prior to implementing any rule that has not obtained Commission approval under Commission Regulation 40.5 or that is submitted or otherwise permitted pursuant to Commission Regulation 40.10.[7]

Commission Regulation 40.6(a)(3) requires the submission to confirm that the Commission has received the submission not later than the open of business on the business day that is 10 business days prior to the registered entity's implementation of the rule or rule amendment.

Commission Regulation 40.6(b)(1) states that the Commission shall have 10 business days to review the new rule or rule amendment before it can be made effective, unless the Commission notifies the registered entity during the 10-day business review period that it intends to issue a stay of the certification.

Commission Regulation 40.6(c)(1) permits the Commission to stay the certification of a new rule or amendment submitted pursuant to Commission Regulation 40.6(a) by "issuing a notification informing the registered entity that the Commission is staying the certification of the rule or rule amendment on the grounds that the rule or rule amendment presents novel or complex issues that require additional time to analyze."[8]

III. The Proposed Amendments and Request for No-Action Relief

The Exchange proposes to amend the Contracts to remove each Contract's respective expiry date and to change the name of each Contract to appropriately reflect the amendment; any other amendments to the Contracts are non-substantive changes to reflect the removal of the

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4 *See* Order Approving KalshiEX LLC BTCPERP Futures Contract, U.S. Commodity Futures Trading Commission (May 29, 2026), available at https://www.cftc.gov/filings/documents/2026/orgdcmkexbtxperporder26601.pdf.

5 17 C.F.R. § 40.3.

6 *See* Policy Statement Concerning the Listing of Perpetual Contracts, 91 Fed. Reg. 33160 (June 3, 2026).

7 17 C.F.R. § 40.6. The Contract is not a contract for future delivery of an agricultural commodity enumerated in Section 1a(9) of the CEA or an option on such a contract or commodity; accordingly, the limitation in Regulation 40.6(a)(5) does not apply, and the amendment described below is eligible for self-certification under Regulation 40.6(a).

8 17 C.F.R. § 40.6(c)(1).

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expiry dates. All other substantive terms of the Contracts including contract size, minimum tick size and value, the funding rate methodology, daily settlement procedures, margining, and clearing will remain unchanged. The proposed amendments would have no other substantive or practical impact on the underlying Contract terms.

The current Contracts, as they exist now, are functionally and economically equivalent to the type of product addressed by the Kalshi Approval Order and Policy Statement.[9] The architecture of the Contracts, like the true perpetual contracts discussed in the Kalshi Approval Order and Policy Statement, relies on a funding-rate mechanism to maintain price parity with the spot market. Their existing remote expiry does not drive pricing, payoff, margin, settlement economics, or customer use. Given the unique circumstances of the Kalshi Approval Order and Policy Statement, the proposed Contract amendments are best viewed as narrow, conforming changes to bring the existing perpetual style contracts into step with the exact type of product the Commission just addressed.

In CDE's experience, perpetual-style futures contracts are typically held for short durations. Accordingly, these products already function in practice as true perpetual futures – they are not traded for the possibility of a long-dated delivery at expiry, and as such, the proposed amendments would not pose any material changes or concerns. Moreover, removing the expiry date provides affirmative benefits. It increases efficiency by eliminating the potential need to roll existing contracts to new long-dated futures and in doing so helps align the Contract's formal specifications to its "perpetual-style" intent.

If CDE were required to delay the amendments through the 10-business-day framework contemplated under Commission Regulations 40.6(a)(3) and 40.6(b)(1), while Kalshi's BTCPERP Contract is permitted to operate without delay, it could introduce market confusion and create an unfair market dynamic with respect to the Contracts. Specifically, two types of market confusion (and related competitive disparity in the market) could occur. First, there could be confusion as a general matter because—absent the amendments requested herein—there will be multiple contracts available on DCMs with different terms stated regarding expiry, but which have essentially identical economic rights and obligations, and functional effect. While the amendments to the Contracts themselves will cure the confusion inherent in the existing expiry term formulation, the delay in resolving the differences could create a separate source of confusion arising from inconsistent contract terms across venues. Namely, participants transacting in economically comparable products on the Exchange and on Kalshi or other exchanges would encounter divergent terms during the intervening period. The two harms are cumulative: one relates to the existing term and is cured by the amendments, while the other arises from the timing of the implementation of the amendments relative to the promulgation and effectiveness of the Kalshi Approval Order and the Policy Statement. Granting the narrow relief requested would eliminate the competitive disparity and both sources of confusion.

Given the essentially identical economics of perpetual-style contracts and perpetual contracts, maintaining an expiry date for the Contracts, when a trader would reasonably assume a perpetual contract does not have one in the context of the Kalshi Approval Order and Policy

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[9] The proposed amendments to the Contracts' are fully consistent with facilitating CDE's compliance with the Core Principles under Section 5 of the CEA and Part 38 of the Commission's regulations, including, without limitation, Core Principles relating to compliance with rules, ensuring contracts are not readily subject to manipulation, preventing market disruption, promoting market integrity, protecting market participants and promoting fair and equitable trading on the contract market.

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Statement, would be confusing to CDE's customers and participants. As such, amending the Contracts is the most orderly treatment of existing open interest in this unique context in compliance with the Core Principles.

IV. Rationale

CDE respectfully requests no-action relief from the 10-business-day provisions of Commission Regulations 40.6(a)(3) and 40.6(b)(1), so that the Exchange may implement the amendments described herein on an expedited basis. The requested relief is narrowly tailored and is consistent with Commodity Exchange Act (**CEA**) Section 5c(c)(4)(B) and Commission Regulation 40.6(a), the Kalshi Approval Order and Policy Statement, Part 38 of the Commission's regulations, and the CEA's objective to promote responsible innovation and fair competition.

The timing of this request is driven by the promulgation of the Kalshi Approval Order and the Policy Statement, rather than by any delay or change in circumstances on CDE's part. As discussed below, absent expedited implementation of the amendments to the Contracts via no-action relief, the Exchange would be required to await expiration of the 10-business-day framework of Commission Regulations 40.6(a)(3) and 40.6(b)(1), which could introduce unnecessary market confusion regarding the Contracts and work against the CEA's goals of responsible innovation and fair competition.

If CDE were, in fact, subject to the standard Commission Regulation 40.6(a) self-certification process' 10-business-day waiting period with respect to the proposed amendments to the Contracts, CDE would be unfairly disadvantaged versus Kalshi (and potentially other market participants). This alternative process would exacerbate confusion and force unnecessary close-outs, rolls, or liquidity fragmentation, even though, as discussed above, the current Contracts and the amended Contracts will maintain the same terms, economic substance and risk profiles.

V. Conclusion

CDE believes that granting the requested relief would be consistent with Section 3 of the CEA, which states in part that an underlying purpose of the CEA is to "promote responsible innovation and fair competition among boards of trade, other markets and market participants."[10] By permitting CDE to amend the Contracts' expiry, this objective will be achieved, in line with the stated aims of the Policy Statement and with respect to mitigating the potential inequitable outcomes discussed above if relief were not to be granted. In addition, granting the requested relief would further the public interest by allowing a registered entity to remain and grow within U.S. derivatives markets, increasing competition and promoting robust trading and product innovation.

For the reasons set forth above, CDE respectfully requests that staff not recommend an enforcement action against CDE in connection with its submission to amend the expiry date of the Contracts pursuant to Commission Regulation 40.6(a)(3) and 40.6(b)(1).

CDE appreciates the Commission staff's time and attention to this matter. If you have any questions or require further information or documentation, please contact the undersigned.

[10] 7 U.S.C. § 5(b).

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Respectfully,

/s/
Jane Downey
Chief Regulatory Officer
Coinbase Derivatives, LLC

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Appendix A

List of Contracts

1. HYPE Perp Style Futures
2. BNB Perp Style Futures
3. Zcash Perp Style Futures
4. Aave Perp Style Futures
5. ONDO Perp Style Futures
6. NEAR Protocol Perp Style Futures
7. Ethena Perp Style Futures
8. 1k Shib Perp Style Futures
9. Avalanche Perp Style Futures
10. Bitcoin Cash Perp Style Futures
11. Cardano Perp Style Futures
12. Chainlink Perp Style Futures
13. Dogecoin Perp Style Futures
14. Hedera Perp Style Futures
15. Litecoin Perp Style Futures
16. Polkadot Perp Style Futures
17. Stellar Perp Style Futures
18. SUI Perp Style Futures
19. nano XRP Perp Style Futures
20. nano Solana Perp Style Futures
21. nano Ether Perp Style Futures
22. nano Bitcoin Perp Style Futures

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Certification and Undertaking

I hereby certify that the material facts set forth in this letter dated June 12, 2026 are true and complete to the best of my knowledge.

/s/
Jane Downey
Chief Regulatory Officer
Coinbase Derivatives, LLC

On behalf of Coinbase Derivatives, LLC, the signatory above undertakes that, if at any time prior to the Division's issuance of a response to this request any material representation made herein ceases to be true and complete, CDE will promptly inform Commission staff in writing of all materially changed facts and circumstances. If a material change in facts or circumstances occurs subsequent to issuance of a staff response, CDE will promptly so inform Commission staff.

/s/
Jane Downey
Chief Regulatory Officer
Coinbase Derivatives, LLC

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