

coinbase DERIVATIVES

January 30, 2024

VIA CFTC Electronic Portal

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**Re: CFTC Regulation 40.6(d) Weekly Notification of Rule Amendments
Coinbase Derivatives Submission #2024-2**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) Regulation 40.6(d), Coinbase Derivatives, LLC (the “**Exchange**”) hereby submit this Weekly Notification of the Exchange Rules as set forth on the attached Appendix A, implemented during the week of January 22, 2024:

- Amendments to Exchange Rules 213, 311, 701, 702, 703, and 719 to 1) clarify an “inquiry” is a “preliminary inquiry”, 2) clarify the difference between a preliminary inquiry and an investigation, and 3) make corresponding amendments throughout the Rulebook.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at: <https://www.coinbase.com/derivatives>. If you have any questions or require any further information, please contact me at jane.downey@coinbase.com.

Sincerely,

/s/

Jane Downey
Chief Regulatory Officer

Attachments: Appendix A

APPENDIX A

Rulebook

(additions underlined; deletions ~~stricken-through~~)

Chapter 2: EXCHANGE OWNERSHIP

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Rule 213. Conflicts of Interest and Misuse of Material, Non-Public Information

- (a) No Director, Officer, Disciplinary Panel member or other Person authorized to exercise the Exchange's authority concerning any preliminary inquiry, investigation, disciplinary proceeding or any appeal from a disciplinary proceeding, summary suspension, other summary actions, "disciplinary committee" or "oversight panel" (both as defined in Commission Regulation 1.69) (any such action, an "Exchange Proceeding" and, collectively, "Exchange Proceedings"), significant action, or Emergency action taken pursuant to Rule 212 (each such Exchange Proceeding or Emergency action, a "Self-Regulatory Action") will knowingly participate in such body's deliberations or voting in any matter involving a Self-Regulatory Action where such member has a "material conflict of interest" (each, an "Interested Person"), except as described in Rule 213(d). For purposes of this Section 213(a), the term "significant action" means (1) any action or Rule change that addresses a specific Emergency or (1) any change in margin level that is designed to respond to extraordinary market conditions or that otherwise is likely to have a substantial effect on prices in any Contract.

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Chapter 3: Participants

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Rule 311. Application of Rules and Jurisdiction

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- (3) to assist the Exchange in complying with its legal and regulatory obligations, cooperate with the Exchange and the CFTC in any preliminary inquiry, investigation, audit, examination or proceeding, and authorizes the Exchange to provide information regarding it to the CFTC or any Self-Regulatory Organization.

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Chapter 7: Disciplinary Rules

Rule 701. General

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- (b) The Exchange, through the Market Regulation Department, and the Disciplinary Panel as applicable, will conduct preliminary inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 7.
- (c) No Exchange Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any preliminary inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (collectively "Disciplinary Action"), except to the extent provided under the Exchange Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel.

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Rule 702. Preliminary Inquiries and Investigations

- (a) The Market Regulation Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. The Market Regulation Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Market Regulation Department, indicates a possible basis for finding that a violation has occurred or will occur. The Market Regulation Department will determine the nature and scope of its preliminary inquiries and investigations in its sole discretion and will function independently of any commercial interests of the Exchange. For the avoidance of doubt, a preliminary inquiry serves to clarify or seek answers to questions while an investigation is a formal Exchange process, outlined below.
- (b) The Market Regulation Department has the authority to:
 - (1) initiate and conduct preliminary inquiries and investigations;
 - (2) prepare Investigative Reports and make recommendations concerning initiating disciplinary proceedings;
 - (3) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and
 - (4) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.
- (c) Each Participant:
 - (1) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Market Regulation Department in connection with:
 - i. any Exchange Rule;
 - ii. any preliminary inquiry or investigation; or
 - iii. any preparation by and presentation during a Disciplinary Action;
 - (2) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period

required by the Market Regulation Department in connection with:

- i. any Exchange Rule;
 - ii. any preliminary inquiry or investigation; or
 - iii. any preparation by and presentation during a Disciplinary Action; and
- (3) May not impede or delay any Disciplinary Action.

RULE 703. Reports of Preliminary Inquiries and Investigations

- (a) The Market Regulation Department will maintain a log of all preliminary inquiries and investigations and their disposition. The Market Regulation Department will prepare a written report of each investigation, regardless of whether the evidence gathered during any preliminary inquiry or investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

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Rule 719. Rights and Responsibilities after Suspension or Termination

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- (d) A suspended or terminated Participant or Authorized Trader remains subject to the Exchange Rules and the jurisdiction of the Exchange for acts and omissions prior to the suspension or termination, and must cooperate in any preliminary inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Participant or Authorized Trader still had Trading Privileges or ability to otherwise access the Exchange Trading System.

APPENDIX A

Rulebook

(Clean)

Chapter 2: EXCHANGE OWNERSHIP

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- (e) No Exchange Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any preliminary inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (collectively "Disciplinary Action"), except to the extent provided under the Exchange Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel.

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- (e) The Market Regulation Department has the authority to:
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