coinbase DERIVATIVES

March 13, 2024

<u>**VIA CFTC Electronic Portal**</u>

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(a) Certification: Modifications to Crypto Market Maker Program**

              Coinbase Derivatives, LLC Submission #2024-10

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("**CFTC**" or "**Commission**") Regulation 40.6(a), LMX Labs, LLC, d/b/a Coinbase Derivatives (the "**Exchange**") hereby submits for self-certification modifications to its Crypto Maker Maker Program (the "**Program**") originally filed with the Commission as 2023-16.

Modifications to the terms and conditions of the Program are set forth in Appendix A, attached hereto, and will become effective on April 1, 2024.

<u>Compliance with Core Principles</u>

The Exchange has reviewed the designated contract market ("**DCM**") core principles ("**Core Principles**") set forth in the Commodity Exchange Act and the CFTC rules thereunder and has identified the following Core Principles that may be directly implicated by Program:

Core Principle 2 – Compliance with Rules and Core Principle 4 – Prevention of Market Disruption

All trading on the Exchange, including any trading and related activity by Participants under the Program, is subject to the LMX Labs Rulebook (the "**Rulebook**") including Chapter 5, which prohibits fraud, non-competitive trading, market manipulation and abusive and disruptive trade practices. Capitalized terms not otherwise defined herein are defined in the Rulebook. Additionally, as with all trading on the Exchange, trading in the Program's products will be subject to monitoring and surveillance by the Market Regulation Department, which has the authority to investigate and enforce Exchange rules, as described in Chapter 7.

Core Principle 9 – Execution of Transactions

The Program's products are listed for trading on the Exchange's trading system, which provides for efficient, competitive, and open execution of transactions pursuant to the Exchange Rulebook.

Core Principle 12 – Protection of Markets and Market Participants

Chapters 4 and 5 of the Rulebook require all Participants, including those participating in the Program, to observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade and prohibits, among other things, fraud, non-competitive trading, market manipulation, and abusive and disruptive trade practices. As with all contracts traded on the Exchange, trading in the Program's products will be subject to monitoring and surveillance by the Market Regulation Department and compliance with the Program will be monitored and enforced by the Exchange.

Core Principle 18 – Recordkeeping

Records related to the Program will be maintained by the Exchange in compliance with its recordkeeping policies and the requirements of the Commodity Exchange Act and CFTC Rules.

Certification

The Exchange is not aware of any substantive opposing views to the Program. The Exchange certifies that the Program complies with the Commodity Exchange Act and the rules and regulations promulgated thereunder.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at: https://www.coinbase.com/derivatives/filings.

If you have any questions or require further information, please contact the undersigned at jane.downey@coinbase.com.

Sincerely,

/s/ Jane Downey
Chief Regulatory Officer

Attachment: Appendix A

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APPENDIX A

Crypto Market Maker Program

(additions underlined; deletions stricken-through)

Program Purpose

The purpose of the Crypto Market Maker Program (the "Program") is to support the development of the Exchange's products by increasing liquidity in the Exchange's central limit order book and, therefore, benefit all Participants in the market.

Product Scope

Bitcoin Futures (BTI), Ether Futures (ETI). Nano Bitcoin Futures (BIT), Nano Ether Futures (ET), Bitcoin Cash Futures (BCH), Litecoin Futures (LC), Dogecoin Futures (DOG).[1]

~~Product~~	~~Bitcoin Futures~~	~~Ether Futures~~	~~Nano Bitcoin Futures~~	~~Nano Ether Futures~~
~~Contract size~~	~~1~~	~~10~~	~~0.01~~	~~0.1~~
~~Contract Notional~~	~~~$35,000~~	~~~$20,000~~	~~~$350~~	~~~$200~~
~~Min tick size ($ value)~~	~~5 index pts ($5)~~	~~0.50 pts ($5)~~	~~5 pts ($0.05)~~	~~0.50 pts ($0.05)~~

Eligible Participants

The Program is open to any Participant who completes and submits the application and agrees to make two-sided markets according to the Program's quoting requirements. All Participants who submit the application are subject to review and approval by the Exchange's onboarding team.

Participants that submit an application and begin quoting *before* the *fifteenth calendar day* of a given month to be deemed a "Participating Participant" in the Program effective that same month. If an application is submitted and quoting begins on the *fifteenth calendar day, or later*, the Participating Participant will be added to the Program effective the first business day for the following month.

Effective July 1, 2024, the Exchange will no longer accept new Participating Participants into the Program. For the avoidance of doubt, those who have submitted an application but have not executed a trade on the Exchange prior to July 1, 2024 will be placed on a waitlist indefinitely ("Waitlist") and/or may be required to compete for any open Program spots via a bid process.

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[1] The Exchange may in its discretion extend the Product Scope to include any Exchange listed futures products. If extended, reasonable notice will be provided to Eligible Participants.

Should one or more Program spots become available, the Exchange may allocate the open spot(s) objectively via an open, competitive, transparent bid process ("Initial Bid"). The Exchange reserves sole discretion to establish a queue of Waitlist Participants based on the results of the Initial Bid ("Waitlist Queue").

Conversely, any Participant who has submitted an application and executed a trade prior to July 1, 2024 will be 'grandfathered' in for purposes of securing eligibility to participate in the Program, effective July 1, 2024 and for each subsequent Crypto Market Maker Program[2], provided the Participant meets the Obligations in four (4) of the six (6) preceding months on a rolling ongoing basis.

Program Term

The Program becomes effective on **January 1, 2024** and ends on **June 30, 2024.**

Obligations

[Redacted]

Monitoring and Termination of Status

The Exchange will monitor each Participant's trading activity and performance and retains the right to revoke participant's status if it determines that a participant failed to meet the obligations of the Program.

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[2] Subject to all applicable CFTC review periods