

coinbase DERIVATIVES

LMX Labs, LLC d/b/a Coinbase Derivatives

September 7, 2023

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(a) Certification:

Modifications to Nano Bitcoin Futures Contract and Nano Ether Futures Contract Coinbase Derivatives Submission #2023-9

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 amendments to the Terms and Conditions for the Nano Bitcoin Futures Contract and Nano Ether Futures Contract (collectively, the “**Contracts**”), Exchange rules 1106 and 1007 respectively, as more specifically described below (the “**Rule Amendments**”). The modifications to the Contracts will become effective on September 25, 2023.

The purpose of the Rule Amendments is to add an additional third trading month for each of the Contracts in an effort to ensure that at the end of the month when the front month expires, there will remain two (2) contracts listed at any given time. No other modifications are being made to the Nano Bitcoin Futures Contract (filed with the Commission under “2022-12E”) and Nano Ether Futures Contract (filed with the Commission under “2022-17E”).

Compliance with Core Principles

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 Rule Amendments:

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

All trading on the Exchange 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 is 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 3 - Contracts Not Readily Subject to Manipulation

A review of the Contracts shows that there is sufficient liquidity to support the addition of a third trading month. The Exchange continues to believe that the Contracts are not subject to manipulation.

Core Principle 7 - Availability of General Information

The Exchange shall continue to publish on its website and in its Rulebook the specifications, terms, and conditions of the Contracts.

Core Principle 8 - Daily Publication of Trading Information

The Exchange shall continue to publish on its website, on a daily basis, the trading volumes, open interest, and price information for the Contracts.

Core Principle 9 – Execution of Transactions

The Contracts will be 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 11 - Financial Integrity of Transactions

The Contracts will be cleared by Nodal Clear, LLC, a CFTC registered derivatives clearing organization subject to the CFTC regulations related thereto.

Core Principle 12 – Protection of Markets and Market Participants

Chapters 4 and 5 of the Rulebook require all market participants 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, the Contracts will be subject to monitoring and surveillance by the Market Regulation Department.

Certification

The Exchange is not aware of any substantive opposing views to the Rule Amendments. The Exchange certifies that the Rule Amendments comply 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: Exhibit A

EXHIBIT A

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

Rule 1106. Nano Bitcoin Futures

(b) Trading Schedule. The BIT Contract shall be offered for monthly trading in the front ~~two~~ three months during such hours as the Exchange shall determine from time-to-time.

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Rule 1107. Nano Ether Futures

(b) Trading Schedule. The ET Contract shall be offered for monthly trading in the front ~~two~~ three months during such hours as the Exchange shall determine from time-to-time.