coinbase DERIVATIVES

LMX Labs, LLC d/b/a Coinbase Derivatives

December 20, 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: Delisting of two (2) Bloomberg US Large Cap Index Futures Contracts**
>
> **Coinbase Derivatives Submission #2023-17**

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**") is notifying the Commission that it is delisting two (2) Bloomberg US Large Cap Index Futures Contracts ("Contracts") effective as of the close of business December 21, 2023. There is no open interest in these contracts.

The modifications to Exchange Rule 533 (Position Limit, Position Accountability, Reportable Level, and Volume Threshold Level Table), Rule1101 (Micro Bloomberg US Large Cap Index Futures), and Exchange Rule 1102 (Nano Bloomberg US Large Cap Index Futures) are attached hereto as Appendix A in blackline format.

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 that the following Core Principles that may be directly implicated by the modifications to the Fee Schedule:

Core Principle 4 - Prevention of Market Disruption

There is no open interest in these contracts, and therefore there will be no market disruption.

Core Principle 7 - Availability of General Information

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Regulation 40.6(a), the Exchange hereby certifies that the delisting of the Contracts complies with the Act, including regulations under the Act.

<u>Certification</u>

The Exchange is not aware of any substantive opposing views to delisting these contracts.

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

Attachment: Appendix A

APPENDIX A

Rulebook

(additions underlined; deletions stricken-through)

CHAPTER 5: TRADING PRACTICES AND BUSINESS CONDUCT

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RULE 533: Position Limit, Position Accountability, Reportable Level, and Volume Threshold Level Table

The reportable levels for all Contracts covering Position Limit, Position Accountability, Reportable Level, and Volume Thresholds will be made available to Market Participants.

Product	CDE Code	Contract Size	Aggregate Into Futures	Aggregate Ratio	CFTC Reporting Limit	Exchange Reporting Level	Position Limit
Nano Bitcoin Futures	BIT	0.01	BTI	100 BIT = 1 BTI	25	25	20,000 (BTI Aggregate)
Bitcoin Futures	BTI	1	BTI		25	25	
Nano Ether Futures	ET	0.1	ETI	100 ET = 1 ETI	25	25	40,000 (ETI Aggregate)
Ether Futures	ETI	10	ETI		25	25	
~~Nano Bloomberg US Large Cap Index Futures~~	~~B5~~	~~100~~	~~B5~~		~~200~~	~~200~~	~~60,000~~
~~Micro Bloomberg US Large Cap Index Futures~~	~~LB5~~	~~10~~	~~LB5~~		~~200~~	~~200~~	~~25,000~~
Micro Crude Oil Futures	OIL	100	OIL		350	350	5,000

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CHAPTER 11: CONTRACT SPECIFICATIONS

RULE 1101. Reserved ~~Micro Bloomberg US Large Cap Index Futures~~

(a) ~~Scope. Rule 1101 is limited in application to the trading of the Micro Bloomberg US Large Cap Index Futures ("LB5 Contract"). In addition to Rule 1101, the LB5 Contract is subject to all Rules of the Exchange as applicable. Unless otherwise stated, all times referred to herein are Central Time Zone.~~

(b) Trading Schedule. The LB5 Contract shall be offered for trading in March, June, September, and December delivery months in as many months and during such hours as the Exchange shall determine from time to time.

(c) Trading Unit. The trading unit is equal to $10.00 times the Index.

(d) Price Increments. The minimum price increment shall be 0.10 index points ($1.00 per contract).

(e) Position Limits, Position Accountability, and Reportable Levels. Pursuant to Rules 530 to 533 and subject to the requirements and exceptions therein, the LB5 Contract is subject to the following:

    (1) Position Limit. 25,000 LB5 Contracts net long or net short in all months combined.

    (2) Reportable Level. 200 LB5 Contracts

(f) Price Limits. Trading in the LB5 Contract shall be subject to the following price limits of

    7% Limit (most recent Daily Settlement Price less 7%)

    13% Limit (most recent Daily Settlement Price less 13%)

    20% Limit (most recent Daily Settlement Price less 20%).

    (1) If the 7% Limit is reached in any month trading in all months shall halt for one (1) minute during which time only order cancellations will be allowed. After trading is resumed, the 7% limit shall be inoperative for the remainder of the Business Day.

    (2) If the 13% Limit is reached in any month trading in all months shall halt for two (2) minutes during which time only order cancellations will be allowed. After trading is resumed, the 13% limit shall be inoperative for the remainder of the Business Day.

    (3) If the 20% Limit is reached in any month trading all months shall halt for the remainder of the Business Day.

    (4) If a 7% or 13% Limit is reached within one (1) or two (2) minutes of the close of trading, respectively, or if the 20% limit is reached, the time of the relevant trading halt shall be considered the close of trading for the LB5 Contracts for the relevant Business Day.

(g) Regulatory Halt. Rule 1101(f) notwithstanding, in the event that a market-wide trading halt occurs in the US equity market (See, e.g., NYSE Rule 7.12) trading in the LB5 Contract shall halt. Trading in the LB5 Contract shall resume when trading in the US equity market resumes or the next Business Day, whichever is sooner.

(h) Termination of Trading. Termination in expiring LB5 Contracts shall terminate at 3pm CT on the third Thursday of the contract month, or if that day falls on a day for which the Exchange is not open for trading, the first Business Day preceding the third Thursday.

(i) Settlement. The LB5 Contract is cash settled

    (1) Daily Settlement Price shall be determined as follows:

        (i) Lead Month: primary contract for settlements with the expectation of having the most activity.

            (a) Midday: 10:00 CT

                i) 1-min VWAP of futures contract rounded to the nearest tradable tick

ii) 1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick

iii) Cash index value 1 + (difference between previous day's cash index value and previous day's futures settlement)

(b) EOD: 15:00 CT

i) 1-min VWAP of futures contract rounded to the nearest tradable tick

ii) 1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick

iii) Cash index value[4] + (difference between previous day's cash index value and previous day's futures settlement)

(ii) Non-Lead Months: all other contracts not the lead month

(a) Midday: 10:00 CT i. 1-min VWAP of futures contract rounded to the nearest tradable tick ii. If the spread trades between 09:59:00-10:00:00 CT, then the spread VWAP is calculated, rounded to the spread's nearest tradable tick and then applied to the lead month settlement to derive the back month settlement. iii. 1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick iv. Last spread trade price is applied to the lead month settlement to derive the settlement. v. Front month settlement value + (previous day's calendar spread).

(b) EOD: 15:00 CT

i) 1-min VWAP of futures contract rounded to the nearest tradable tick

ii) If the spread trades between 14:59:00-15:00:00 CT, then the spread VWAP is calculated, rounded to the spread's nearest tradable tick and then applied to the lead month settlement to derive the back month settlement.

iii) 1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick

iv) Last spread trade price is applied to the lead month settlement to derive the settlement.

v) Front month settlement value + (previous day's calendar spread).

(2) Final Settlement Price shall be the closing Micro Bloomberg US Large Cap Index (MBF Index) value as of the termination of trading.

(3) Final Settlement. Clearing Firms holding open positions in an expiring LB5 Contract at the termination of trading shall make or receive payment in accordance with the rules of the Clearing House.

(j) Index Disclaimer. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Indices. Bloomberg is NOT affiliated with LMX

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[4] Should option 3 be used, the Exchange will use the index value provided by Index Provider at the time closest to 10:00 CT and/or 15:00 CT, respectively.

~~Labs, and neither approves, endorses, reviews or recommends the Micro Bloomberg US Large Cap Index futures. Bloomberg does not guarantee the timeliness, accurateness or completeness of any data or information relating to the Micro Bloomberg US Large Cap Index, and neither shall be liable in any way to LMX Labs, investors in the Micro Bloomberg US Large Cap Index futures or other third parties in respect of the use or accuracy of the Micro Bloomberg US Large Cap Index or any data included therein.~~

RULE 1102. <u>Reserved</u> ~~Nano Bloomberg US Large Cap Index Futures~~

~~(a) Scope. Rule 1121 is limited in application to the trading of the Nano Bloomberg US Large Cap Index Futures ("B5 Contract"). In addition to Rule 1102, the B5 Contract is subject to all Rules of the Exchange as applicable. Unless otherwise stated, all times referred to herein are Central Time Zone.~~

~~(b) Trading Schedule. The B5 Contract shall be offered for trading in March, June, September, and December delivery months in as many months and during such hours as the Exchange shall determine from time-to-time.~~

~~(c) Trading Unit. The trading unit is equal to $100.00 times the Index.~~

~~(d) Price Increments. The minimum price increment shall be 0.01 index points ($1.00 per contract).~~

~~(e) Position Limits, Position Accountability, and Reportable Levels. Pursuant to Rules 530 to 533 and subject to the requirements and exceptions therein, the B5 Contract is subject to the following:~~

~~(1) Position Limit. 60,000 B5 Contracts net long or net short in all months combined.~~

~~(2) Reportable Level. 200 B5 Contracts~~

~~(f) Price Limits. Trading in the B5 Contract shall be subject to the following price limits of~~
~~7% Limit (most recent Daily Settlement Price less 7%)~~
~~13% Limit (most recent Daily Settlement Price less 13%)~~
~~20% Limit (most recent Daily Settlement Price less 20%).~~

~~(1) If the 7% Limit is reached in any month trading in all months shall halt for one (1) minute during which time only order cancellations will be allowed. After trading is resumed, the 7% limit shall be inoperative for the remainder of the Business Day.~~

~~(2) If the 13% Limit is reached in any month trading in all months shall halt for two (2) minutes during which time only order cancellations will be allowed. After trading is resumed, the 13% limit shall be inoperative for the remainder of the Business Day.~~

~~(3) If the 20% Limit is reached in any month trading all months shall halt for the remainder of the Business Day. (4) If a 7% or 13% Limit is reached within one (1) or two (2) minutes of the close of trading, respectively, or if the 20% limit is reached, the time of the relevant trading halt shall be considered the close of trading for the B5 Contracts for the relevant Business Day.~~

~~(g) Regulatory Halt. Rule 1102(f) notwithstanding, in the event that a market-wide trading halt occurs in the US equity market (See, e.g., NYSE Rule 7.12) trading in the B5 Contract shall halt. Trading in the B5 Contract shall resume when trading in the US equity market resumes or the next Business Day, whichever is sooner.~~

(h) Termination of Trading. Termination in expiring B5 Contracts shall terminate at 3pm CT on the third Thursday of the contract month, or if that day falls on a day for which the Exchange is not open for trading, the first Business Day preceding the third Thursday.

(i) Settlement. The B5 Contract is cash settled.

    (1) Daily Settlement Price shall be determined as follows:

        (i) Lead Month: primary contract for settlements with the expectation of having the most activity.

            (a) Midday: 10:00 CT

                i) 1-min VWAP of futures contract rounded to the nearest tradable tick

                ii) 1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick

                iii) Cash index value + (difference between previous day's cash index value and previous day's futures settlement)

            (b) EOD: 15:00 CT

                i) 1-min VWAP of futures contract rounded to the nearest tradable tick

                ii) 1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick

                iii) Cash index value[2] + (difference between previous day's cash index value and previous day's futures settlement)

        (ii) Non- Lead Months: all other contracts not the lead month

            (a) Midday: 10:00 CT

                i) 1-min VWAP of futures contract rounded to the nearest tradable tick

                ii) If the spread trades between 09:59:00-10:00:00 CT, then the spread VWAP is calculated, rounded to the spread's nearest tradable tick and then applied to the lead month settlement to derive the back month settlement.

                iii) 1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick

                iv) Last spread trade price is applied to the lead month settlement to derive the settlement.

                v) Front month settlement value + (previous day's calendar spread).

            (b) EOD: 15:00 CT

                i) 1-min VWAP of futures contract rounded to the nearest tradable tick

                ii) If the spread trades between 14:59:00-15:00:00 CT, then the spread VWAP is calculated, rounded to the spread's nearest tradable tick and then applied to the lead month settlement to derive the back month settlement.

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[2] Should option 3 be used, the Exchange will use the index value provided by Index Provider at the time closest to 10:00 CT and/or 15:00 CT, respectively.

~~iii)   1-min TWAP of futures contract midpoint of the Bid/Ask rounded to the nearest tradable tick~~

~~iv)   Last spread trade price is applied to the lead month settlement to derive the settlement.~~

~~v)   Front month settlement value + (previous day's calendar spread).~~

~~(2) Final Settlement Price shall be the closing Bloomberg Nano US Large Cap Index (NBF Index) value as of the termination of trading.~~

~~(3) Final Settlement. Clearing Firms holding open positions in an expiring B5 Contract at the termination of trading shall make or receive payment in accordance with the rules of the Clearing House.~~

~~(j)   Index Disclaimer. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Indices. Bloomberg is NOT affiliated with LMX Labs, and neither approves, endorses, reviews or recommends the Nano Bloomberg US Large Cap Index futures. Bloomberg does not guarantee the timeliness, accurateness or completeness of any data or information relating to the Nano Bloomberg US Large Cap Index, and neither shall be liable in any way to LMX Labs, investors in the Nano Bloomberg US Large Cap Index futures or other third parties in respect of the use or accuracy of the Nano Bloomberg US Large Cap Index, or any data included therein.~~

APPENDIX A

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CHAPTER 5: TRADING PRACTICES AND BUSINESS CONDUCT

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RULE 533: Position Limit, Position Accountability, Reportable Level, and Volume Threshold Level Table

The reportable levels for all Contracts covering Position Limit, Position Accountability, Reportable Level, and Volume Thresholds will be made available to Market Participants.

Product	CDE Code	Contract Size	Aggregate Into Futures	Aggregate Ratio	CFTC Reporting Limit	Exchange Reporting Level	Position Limit
Nano Bitcoin Futures	BIT	0.01	BTI	100 BIT = 1 BTI	25	25	20,000 (BTI Aggregate)
Bitcoin Futures	BTI	1	BTI		25	25	
Nano Ether Futures	ET	0.1	ETI	100 ET = 1 ETI	25	25	40,000 (ETI Aggregate)
Ether Futures	ETI	10	ETI		25	25	
Micro Crude Oil Futures	OIL	100	OIL		350	350	5,000

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CHAPTER 11: CONTRACT SPECIFICATIONS

RULE 1101. Reserved
RULE 1102. Reserved