

coinbase DERIVATIVES

May 15, 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(a) Certification: Modifications to Micro Crude Oil Futures Contract
Coinbase Derivatives Submission #2024-23**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) Regulation 40.6(a), Coinbase Derivatives, LLC (the “**Exchange**”) hereby submits for self-certification amendments to the Terms and Conditions for the Micro Crude Oil Futures Contract (the “**Contract**”), Exchange Rules 533, 1005, and the fees for the Contract as more specifically described below (the “**Rule Amendments**”). The modifications to the Contracts will become effective on June 3, 2024.

The purpose of the modifications is to:

- Adjust the position limit for the Contract; and
- Amend the fee schedule for the Contract.

No other modifications are being made to the Micro Crude Oil Futures Contract (filed with the Commission under “2021-15E”).

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 Exchange’s 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

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 continue to 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: Appendix A Rulebook
Appendix B Fee Schedule

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 | Exchange Reporting Level | Position Limit |
|-------------------------|----------|---------------|------------------------|-----------------|--------------------------|---|
| Nano Bitcoin Futures | BIT | 0.01 | BTI | 100 BIT = 1 BTI | 25 | 20,000 (BTI Aggregate) |
| Bitcoin Futures | BTI | 1 | BTI | N/A | 25 | |
| Nano Ether Futures | ET | 0.1 | ETI | 100 ET = 1 ETI | 25 | 40,000 (ETI Aggregate) |
| Ether Futures | ETI | 10 | ETI | N/A | 25 | |
| Bitcoin Cash Futures | BCH | 1 | BCH | N/A | 25 | 14,000 |
| Litecoin Futures | LC | 5 | LC | N/A | 25 | 10,000 |
| Dogecoin Futures | DOG | 5,000 | DOG | N/A | 25 | 20,000 |
| Micro Crude Oil Futures | OIL | 100 | OIL | N/A | 350 | <u>405,000</u> three (3) days prior to the end of trading in the spot month |

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CHAPTER 11: CONTRACT SPECIFICATIONS

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Rule 1105. Micro Crude Oil Futures

* * *

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

(1) Position Limit. 405,000 OIL Contracts net long or net short commencing three (3) days prior to the end of trading in the spot month.

(2) Reportable Level. 350 OIL Contracts

Rulebook

(Clean)

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 | Exchange Reporting Level | Position Limit |
|-------------------------|----------|---------------|------------------------|-----------------|--------------------------|---|
| Nano Bitcoin Futures | BIT | 0.01 | BTI | 100 BIT = 1 BTI | 25 | 20,000 (BTI Aggregate) |
| Bitcoin Futures | BTI | 1 | BTI | N/A | 25 | |
| Nano Ether Futures | ET | 0.1 | ETI | 100 ET = 1 ETI | 25 | 40,000 (ETI Aggregate) |
| Ether Futures | ETI | 10 | ETI | N/A | 25 | |
| Bitcoin Cash Futures | BCH | 1 | BCH | N/A | 25 | 14,000 |
| Litecoin Futures | LC | 5 | LC | N/A | 25 | 10,000 |
| Dogecoin Futures | DOG | 5,000 | DOG | N/A | 25 | 20,000 |
| Micro Crude Oil Futures | OIL | 100 | OIL | N/A | 350 | 40,000 three (3) days prior to the end of trading in the spot month |

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CHAPTER 11: CONTRACT SPECIFICATIONS

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Rule 1105. Micro Crude Oil Futures

* * *

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

(1) Position Limit. 40,000 OIL Contracts net long or net short commencing three (3) days prior to the end of trading in the spot month.

(2) Reportable Level. 350 OIL Contracts

APPENDIX B

(Additions underscored; deletion are ~~struck through~~)

Fee Schedule

~~April 1, 2024~~ June 3, 2024

Coinbase Derivatives, LLC charges fees according to the below schedule:

| Exchange Product Symbol | Symbol | Fees Charged Per Side | | | | | |
|-------------------------|--------|-----------------------------|--------|-----------------------------|--------|-----------------------------|--------|
| | | Market Maker | | Non-Pro | | Pro | |
| | | Electronic | Block | Electronic | Block | Electronic | Block |
| Bitcoin Futures | BTI | \$0.45 | \$0.60 | \$0.75 | \$1.00 | \$0.75 | \$1.00 |
| Ether Futures | ETI | \$0.45 | \$0.60 | \$0.75 | \$1.00 | \$0.75 | \$1.00 |
| nano Bitcoin Futures | BIT | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| nano Ether Futures | ET | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Bitcoin Cash Futures | BCH | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Litecoin Futures | LTC | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Dogecoin Futures | DOGE | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Micro Crude Oil Futures | OIL | \$0.30 <u>15</u> | N/A | \$0.02 <u>30</u> | N/A | \$0.05 <u>25</u> | N/A |
| Delivery Fee All | All | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

*For purposes of determining the fee amount the following definitions apply:

Market Maker - Account in the name of any person that has signed a market maker agreement with Coinbase Derivatives.

Non-Professional Trader - Account in the name of an individual or entity that is:

- A. Not registered, qualified, or otherwise identified as a professional trader, market maker, liquidity provider, money manager, commodity trading advisor, or investment adviser with any stock, commodities or futures exchange or contract market, or with any financial regulatory authority;
- B. Not engaged in brokerage, banking, investment, or financial activities, as part of their regular course of business;
- C. Not using a fully automated order generating computer system; and
- D. Trading for its own account.

Professional Trader - Account in the name of any person that is not a Market Maker or a Non-Professional Trader.

APPENDIX B
(Clean)

Fee Schedule

June 3, 2024

Coinbase Derivatives, LLC charges fees according to the below schedule:

| Exchange Product Symbol | Symbol | Fees Charged Per Side | | | | | |
|-------------------------|--------|-----------------------|--------|------------|--------|------------|--------|
| | | Market Maker | | Non-Pro | | Pro | |
| | | Electronic | Block | Electronic | Block | Electronic | Block |
| Bitcoin Futures | BTI | \$0.45 | \$0.60 | \$0.75 | \$1.00 | \$0.75 | \$1.00 |
| Ether Futures | ETI | \$0.45 | \$0.60 | \$0.75 | \$1.00 | \$0.75 | \$1.00 |
| nano Bitcoin Futures | BIT | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| nano Ether Futures | ET | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Bitcoin Cash Futures | BCH | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Litecoin Futures | LTC | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Dogecoin Futures | DOGE | \$0.07 | N/A | \$0.10 | N/A | \$0.07 | N/A |
| Micro Crude Oil Futures | OIL | \$0.15 | N/A | \$0.30 | N/A | \$0.25 | N/A |
| Delivery Fee All | All | \$0.00 | | \$0.00 | | \$0.00 | |

*For purposes of determining the fee amount the following definitions apply:

Market Maker - Account in the name of any person that has signed a market maker agreement with Coinbase Derivatives.

Non-Professional Trader - Account in the name of an individual or entity that is:

- A. Not registered, qualified, or otherwise identified as a professional trader, market maker, liquidity provider, money manager, commodity trading advisor, or investment adviser with any stock, commodities or futures exchange or contract market, or with any financial regulatory authority;
- B. Not engaged in brokerage, banking, investment, or financial activities, as part of their regular course of business;
- C. Not using a fully automated order generating computer system; and
- D. Trading for its own account.

Professional Trader - Account in the name of any person that is not a Market Maker or a Non-Professional Trader.