coinbase DERIVATIVES

March 18, 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) Addition of New Exchange Order Qualifier
        Coinbase Derivatives Submission #2024-11**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("**CFTC**" or "**Commission**") Regulation 40.6(a), Coinbase Derivatives, LLC (the "**Exchange**") hereby submit for self-certification the addition of a new Exchange Order Qualifier, Post Only. The addition will become available on the Exchange 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 that the following Core Principles that may be directly implicated by the modification:

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

All trading on the Exchange, including those conducted by affiliated participants or otherwise, is subject to the Exchange Rulebook (the **"Rulebook")** including Chapter 5, which prohibits fraud, non-competitive trading, market manipulation and abusive and disruptive trade practices. Additionally, all trading on the Exchange, regardless of affiliation to the Exchange, 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 7 - Availability of General Information

The Exchange shall continue to publish on its website and in its Rulebook the modification to Order Qualifiers. Additionally, information on the modification will be communicated to market participants via a notice which will be made available on the Exchange's website.

Core Principle 10 - Trade Information

The additional Order Qualifier continues to require that the appropriate participants maintain a record of orders that reflect the terms of the order, and such other information required under this Core Principle.

Core Principle 12 - Protection of Markets and Market Participants

Chapters 4 and 5 of the Rulebook require all market participants, affiliated or otherwise, 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 on the Exchange will be subject to monitoring and surveillance by the Market Regulation Department and enforced by the Exchange regardless of affiliation with the Exchange.

Certification

The Exchange is not aware of any substantive opposing views to the addition of this Order Qualifier. The Exchange certifies that this modification 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. 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 1: DEFINITIONS

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"Order Qualifiers" means the following ~~O~~order ~~duration~~ ~~Q~~qualifiers supported by the Exchange Trading System. An Order eligible to be entered into the Exchange Trading System that does not contain a~~n~~ ~~duration~~ Order ~~Q~~qualifier will be cancelled if not filled during the trading day in which it was received or, if it was received between trading days, during the next trading day. ~~An Order may specify one (1) of the following duration qualifiers~~ Supported Order Qualifiers:

(i)   "Day" means an Order that will remain in the market for the duration of the session it is placed in. If a Day order is not fully executed, any remaining quantity is cancelled at the end of the trading session;

(ii)   "Good Till Cancel" (GTC) means an Order that will remain in the market until executed or manually cancelled;

(iii)   "Immediate or Cancel" (IOC) means an Order that will either be immediately executed or cancelled;

(iv)   "Fill or Kill" (FOK) means, upon entry, an Order that will either be executed in its entirety or cancelled; or

(v)   "Good Till Date" (GTD) type of order that is active until its specified date.

(vi)   "Post Only" means, upon entry, a Limit Order will be posted only if the Order does not get an immediate execution. If the Order is eligible for immediate execution (partial or full), the Order will be cancelled. Post Only functionality is available on Limit orders with a duration of Day, GTC or GTD.

APPENDIX A

Rulebook

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Chapter 1: DEFINITIONS

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(ii)   "Good Till Cancel" (GTC) means an Order that will remain in the market until executed or manually cancelled;

(iii)   "Immediate or Cancel" (IOC) means an Order that will either be immediately executed or cancelled;

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(v)   "Good Till Date" (GTD) type of order that is active until its specified date.

(vi)   "Post Only" means, upon entry, a Limit Order will be posted only if the Order does not get an immediate execution. If the Order is eligible for immediate execution (partial or full), the Order will be cancelled. Post Only functionality is available on Limit orders with a duration of Day, GTC or GTD.