

# coinbase DERIVATIVES

April 26, 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) Modification to Rule 305  
Coinbase Derivatives Submission #2024-19**

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 modifications to Exchange Rule 305 as set forth in Appendix A. The purpose of the modifications is to clarify the fees charged by the Exchange and what Participants are eligible for Privileges of Membership. The modifications will become effective May 10, 2024. Each capitalized term used and not defined herein shall have the meaning set forth in the Exchange Rulebook (as amended, supplemented or otherwise modified from time to time in accordance with its provisions) (the “**Rulebook**”).

### 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 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 the Rulebook and the modifications to Rule 305. Additionally, information on the modification will be communicated to market Participants via a notice and Participants may contact the Exchange for more information regarding the Rule change.

*Core Principle 10 - Trade Information*

The Rule modifications continue 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 modification of this Rule. 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](mailto: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

\* \* \*

“Non-Professional Trader” means a Participant that is:

(i) 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, futures exchange or contract market, or with any financial regulatory authority;

(ii) Not engaged in brokerage, banking, investment, or financial activities, as part of their regular course of business;

(iii) Not using a fully automated order generating computer system; and

(iv) Trading for its own account.

\* \* \*

“Professional Trader” means a Participant that is not a Market Maker or a Non-Professional Trader.

\* \* \*

#### CHAPTER 3: PARTICIPANTS

\* \* \*

##### RULE 305. Dues, Assessments and Fees

- (a) The Exchange shall have the authority to set the amounts and times of payment for any dues, assessments, ~~or transaction fees, or other charges~~ (“Fees”) ~~(including the Exchange Trading System fees, clearing fees, brokerage and/or any Transaction surcharges)~~ to be paid by Participants.
- (b) Each Participant agrees to pay such ~~dues, assessments, and fees~~ as are published by ~~the Exchange on the Exchange’s website or as otherwise agreed between the Exchange and a Participant. Each Participant agrees to pay such dues, assessments, and fees~~ when they are due. The Exchange will notify Participants of any changes in the Fees charged to Participants without by notice and/or posting the changes on its website.
- (c) If a Participant fails to pay when due any such ~~dues, assessments or fees~~ levied on such Participant, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Participant’s Trading Privileges and/or ability to otherwise access the Exchange Trading System as it deems necessary or appropriate.

- (d) Participants meeting the definition of a Market Maker or Professional Trader, as determined by the Exchange, are hereby granted the “Privileges of Membership,” for purposes of NFA Bylaw 1301. A Participant with the “Privileges of Membership” shall not be responsible for FCM Assessments to NFA as set forth in NFA Bylaw 1301(b).

## APPENDIX A

Rulebook

(Clean)

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\* \* \*

### CHAPTER 3: PARTICIPANTS

\* \* \*

RULE 305. Dues, Assessments and Fees

- (e) The Exchange shall have the authority to set the amounts and times of payment for any dues, assessments, transaction fees, or other charges (“Fees”) to be paid by Participants.
- (f) Each Participant agrees to pay such Fees when they are due. The Exchange will notify Participants of changes in the Fees by notice and/or posting the changes on its website.
- (g) If a Participant fails to pay when due any such Fees levied on such Participant, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Participant’s Trading Privileges and/or ability to otherwise access the Exchange Trading System as it deems necessary or appropriate.
- (h) Participants meeting the definition of a Market Maker or Professional Trader, as determined by the Exchange, are hereby granted the Privileges of Membership for

purposes of NFA Bylaw 1301. A Participant with the Privileges of Membership shall not be responsible for FCM Assessments to NFA as set forth in NFA Bylaw 1301(b).