

coinbase DERIVATIVES

April 4, 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 #2024-12

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 906 and 1005, as more specifically described below (the “**Rule Amendments**”). The modifications to the Contracts will become effective on April 19, 2024.

The purpose of the modifications is to:

- Add an additional method for daily settlement of the lead Contract month;
- Adjust the timing of the Contract’s final settlement and expiration to occur the Business Day after the Termination of Trading for the expiring Contract; and
- Confirm final settlement and expiration for the Contract occurs on the same day.

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

Appendix A

Rulebook

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

CHAPTER 9: CLEARING

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Rule 906. Daily and Final Settlement Prices

The Exchange will determine the Daily and Final Settlement Price for Contracts. For each Contract, the Exchange shall publish a Daily Settlement Price, and on the Contract's expiration, a Final Settlement Price, and information regarding volume, open interest and opening and closing ranges. Any settlement value shall be determined by the Exchange in accordance with its procedure except where the Clearing House believes that such settlement value does not reasonably reflect the value or price of the Contract, in which case the Clearing House will determine the settlement value in accordance with the Clearing House Rules. All Contracts are cash settled at expiration.

(a) Definitions of the lead and non-lead month. The lead month is the Contract nearest to expiration for a particular Exchange product. The lead month is the anchor leg for settlements with the expectation of having the most activity. All other Contracts not the lead month are the non-lead month.

(b) Daily Settlement Price

(i) For all Exchange energy Futures Contracts, the following applies, unless otherwise indicated.

(1) Lead Month

- a) If a Trade occurs in the sixty (60) seconds prior to 1:30 PM CT, the Daily Settlement will be calculated using the VWAP of such Trades, rounded to the nearest tradable tick.
- b) If there are no Trades during this time, the Exchange will use the TWAP of the Futures Contract's midpoint of the bid/ask from the sixty (60) seconds prior to 1:30 PM CT, rounded to the nearest tradable tick.
- c) If a two-sided market is not available, the last Traded price of the current trade day will be used.
- d) If there are not any Trades for that day, other publicly available market data as deemed appropriate.
- e) If there is not any publicly available market data, the Contract will use the prior day's settlement price.

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(c) Final Settlement Price

(i) For all Exchange energy Futures Contracts, the following applies, unless

otherwise indicated. ~~On the day of expiration, the~~ The Final Settlement Price shall be set to the publicly available daily settlement value of the NYMEX WTI Future (CL) at the Termination of Trading of the Contract, as specified in the relevant Rule. Expiration will occur the same Business Day as the Final Settlement of the Contract, which is the business day following the Contract's Termination of Trading.

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CHAPTER 11: CONTRACT SPECIFICATIONS

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Rule 1105. Micro Crude Oil Futures

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- (g) Termination of Trading and Expiration. ~~Trading Termination~~ in expiring OIL Contracts shall terminate at 1:30 PM CT four (4) Business days prior to the 25th calendar day of the month prior to the Contract month. If the 25th calendar day is not a Business Day, trading terminates five (5) Business Days prior to the 25th calendar day of the month prior to the Contract month ("Termination of Trading"). Expiration will occur the Business Day following Termination of Trading for the Contract.

Appendix A

Rulebook

(Clean)

CHAPTER 9: CLEARING

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- c) If a two-sided market is not available, the last Traded price of the current trade day will be used.
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* * *

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- (i) For all Exchange energy Futures Contracts, the following applies, unless otherwise indicated. The Final Settlement Price shall be set to the publicly available daily settlement value of the NYMEX WTI Future (CL) at the Termination of Trading of the Contract, as specified in the relevant Rule. Expiration will occur the same Business Day as the Final Settlement of the Contract, which is the business day following the Contract's Termination of Trading.

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