

coinbase DERIVATIVES

LMX Labs, LLC d/b/a/ Coinbase Derivatives

LMX Labs Submission #2023-5E

June 2, 2023

VIA CFTC Portal

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
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) SuperTech
Index Futures Contracts
CDE Submission No. 2023-5E**

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” or “CDE”) is notifying the Commission that it is delisting two (2) SuperTech Index futures contracts (“Contracts”) effective immediately. There is no open interest in these Contracts.

Amendments to Exchange Rule 1103 (Nano SuperTech Index Futures) and Exchange Rule 1104 (Micro SuperTech Index Futures) of the Exchange Rulebook are attached hereto as Appendix A in blackline format.

The Exchange has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the following Core Principles may be impacted by this filing as follows:

Core Principle 6 - Emergency Authority

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

Core Principle 7 - Availability of General Information

The Exchange will make publicly available the details of the delisting by posting on its website (www.coinbase.com/derivatives), including the contract specifications for the delisted Contracts.

Pursuant to Section 5c(c) of the 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. There were no substantive opposing views to this filing.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at www.coinbase.com/derivatives/filings.

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 (Amendments to CDE Rulebook Chapter 11)

APPENDIX A

Additions underscored; deletions are ~~struckthrough~~

CHAPTER 11: CONTRACTS

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RULE 1103. Nano SuperTech Index Futures

- (a) ~~Scope. Rule 1103 is limited in application to the trading of the Nano SuperTech Index Futures (“TEC Contract”). In addition to Rule 1103, the TEC 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 TEC 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 TEC Contract is subject to the following:~~
- ~~(1) Position Limit. 60,000 TEC Contracts net long or net short in all months combined.~~
 - ~~(2) Reportable Level. 200 TEC Contracts~~
- (f) ~~Price Limits. Trading in the TEC 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 TEG Contracts for the relevant Business Day.~~

~~(g) Regulatory Halt. Rule 1103(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 TEG Contract shall halt. Trading in the TEG 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 TEG 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 TEG 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 value¹ + (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 value¹ + (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~~

~~e. — 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.~~

¹ 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.

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 value of the Prime Super Tech Index (TECH) as of the termination of trading.~~

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

(j) ~~Index Disclaimer.~~

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

RULE 1104. Micro SuperTech Index Futures

(a) ~~Scope. Rule 1104 is limited in application to the trading of the Micro SuperTech Index futures ("LTEC Contract"). In addition to Rule 1104, the LTEC 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 LTEC 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 LTEC Contract is subject to the following:~~
- ~~(1) Position Limit. 25,000 LTEC Contracts net long or net short in all months combined.~~
 - ~~(2) Reportable Level. 200 LTEC Contracts~~
- ~~(f) Price Limits. Trading in the LTEC 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 LTEC Contracts for the relevant Business Day.~~
- ~~(g) Regulatory Halt. Rule 1104(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 LTEC Contract shall halt. Trading in the LTEC 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 LTEC 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 LTEC 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 value² + (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⁺ + (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~~

c. ~~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 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.

~~(2) Final Settlement Price shall be the closing value of the SuperTech Max Index (TECHMAX) as of the termination of trading.~~

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

~~(j) Index Disclaimer.~~

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