coinbase DERIVATIVES

June 7, 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) Addition of New Exchange Order Qualifier
Coinbase Derivatives Submission #2024-25**

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 type, One-Cancels-the-Other ("OCO). The addition will become available on the Exchange on June 24, 2024.

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 additional order type:

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 type. 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 type 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 <u>underlined</u>; deletions ~~stricken through~~)

CHAPTER 1: DEFINITIONS

*   *   *

"Order" means either a bid or an offer for a Contract. The following Order types are available on the Exchange Trading System and may be amended from time to time:

 (i) Market means a simple order to buy or sell immediately executed at the best price currently available in the system.

 (ii) Limit means a simple order executed when a specific price is met.

 (iii) Stop means a market order whose activation is dependent upon a specific rate being reached or surpassed (e.g., a stop order to buy becomes a market order in the system when the market rate is at or above the stop price, while a stop order to sell becomes a market order in the system when the market rate is at or below the stop price).

 (iv) Stop Limit means an order that is similar to Stop Loss order with a difference that it activates a Limit order when market rate condition of the stop price is met.

 (v) <u>One-Cancels-the-Other ("OCO") is a unified Order comprised of a pair of conditional Orders (a Limit Order and a Stop Limit Order) and it stipulates that if one Order executes (i.e., either the Limit Order or the Stop Limit Order), the other is automatically canceled. The OCO Order functions as a Limit Order at submission, if the Stop Limit Order price condition is met, it transitions to a Stop Limit Order.</u>

APPENDIX A

Rulebook

(Clean)

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(v)   One-Cancels-the-Other ("OCO") is a unified Order comprised of a pair of conditional Orders (a Limit Order and a Stop Limit Order) and it stipulates that if one Order executes (i.e., either the Limit Order or the Stop Limit Order), the other is automatically canceled. The OCO Order functions as a Limit Order at submission, if the Stop LImit Order price condition is met, it transitions to a Stop Limit Order.