

# coinbase DERIVATIVES

July 22, 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 Non-Crypto Market Maker Program**

**Coinbase Derivatives, LLC Submission #2024-41**

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 modifications to its Non-Crypto Market Maker Program (the “**Program**”) originally filed with the Commission as 2024-25. The terms and conditions of the Program are set forth in Exhibit A, attached hereto, and will become effective on August 5, 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 the following Core Principles that may be directly implicated by Program:

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

All trading on the Exchange, including any trading and related activity by Participants under the Program, 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. Capitalized terms not otherwise defined herein are defined in the Rulebook. Additionally, as with all trading on the Exchange, trading in the Program’s products 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 9 – Execution of Transactions*

The Program's products are 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 12 – Protection of Markets and Market Participants*

Chapters 4 and 5 of the Rulebook require all Participants, including those participating in the Program, 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 in the Program's products will be subject to monitoring and surveillance by the Market Regulation Department and compliance with the Program will be monitored and enforced by the Exchange.

*Core Principle 18 – Recordkeeping*

Records related to the Program will be maintained by the Exchange in compliance with its recordkeeping policies and the requirements of the Commodity Exchange Act and CFTC Rules.

Certification

The Exchange is not aware of any substantive opposing views to the Program. The Exchange certifies that the Program 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/filings>.

If you have any questions or require further information, please contact the undersigned at [jane.downey@coinbase.com](mailto:jane.downey@coinbase.com).

Sincerely,

/s/ Jane Downey  
Chief Regulatory Officer

Attachment: Appendix A

## APPENDIX A

### Modifications to Non-Crypto Market Maker Program

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

#### Program Purpose

The purpose of the Non-Crypto Market Maker Program (the “Program”) is to support the development of the Exchange’s products by increasing liquidity in the Exchange’s central limit order book and, therefore, benefit all Participants in the market.

#### Product Scope

nano Crude Oil Futures (NOL) and Gold Futures (GOL)

#### Eligible Participants

The Program is open to any Participant who completes and submits the application and agrees to make two-sided markets according to the Program’s quoting requirements. All Participants who submit the application are subject to review and approval by the Exchange’s onboarding team.

Participants that submit an application and begin quoting on or before the fifteenth calendar day of a given month to be deemed a “~~Program participating~~ Participant” in the Program effective that same month. If an application is submitted and quoting begins ~~on~~after the *fifteenth calendar day*, ~~or later~~, the ~~Program participating~~ Participant will be added to the Program effective the first business day for the following month.

At the end of the initial six month Program term, CDE may consider capping participation indefinitely, starting the first month of any subsequent six month renewal. Should this occur, the Exchange will allocate up to five spots based on the following criteria:

- 1) Must have “passed” quoting requirements in the majority of months in which a given ~~Program participating~~ Participant participated, subject to “passing” in at least two months; and
- 2) Achieved top five rank of total-weighted cumulative volume (“Total Weighted Volume Score”) in months one through six relative to those ~~Program participating~~ Participants who met criteria 1 above.

Total Weighted Volume Score:

Month	Volume Weight
-------	---------------

1 (June)	20x
2 (July)	10x
3 (Aug)	5x
4 (Sep)	2x
5-6 (Oct-Nov)	1x

### **Program Term**

The Program becomes effective on June 3, 2024 and ends on November 30, 2024.

### **Obligations**

[REDACTED]

### **Monitoring and Termination of Status**

The Exchange will monitor each Program participating Participant's trading activity and performance and retains the right to revoke Program Participant's status if it determines that a Program Participant failed to meet the obligations of the Program.