coinbase DERIVATIVES

LMX Labs, LLC d/b/a Coinbase Derivatives

August 18, 2023

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: New Rule 307 ("Affiliated Participant") Coinbase Derivatives Submission #2023-4E

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**") hereby submits for self-certification new Rule 307 ("Affiliated Participant"). The purpose of new Rule 307 is to make available to the public, including existing and prospective participants of the Exchange, that its affiliate Coinbase Financial Markets, Inc. is registered as a futures commission merchant as of August 15, 2023, and will become a participant on the Exchange.

New Rule 307 is set forth in Appendix A, attached hereto.

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 Program:

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 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 Rule 307. The Exchange certifies that Rule 307 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

Attachment: Appendix A

New Rule 307. "Affiliated Participant"

(Additions <u>underlined</u>)

<u>RULE 307. Affiliated Participant</u>

<u>(a) The Exchange permits Coinbase Financial Markets, Inc. ("CFM"), a CFTC-registered Futures Commission Merchant and an affiliate of the Exchange, to be a Participant, or customer of a Participant, for the purpose of trading Exchange products.</u>

<u>(b) CFM shall neither receive preferential pricing from the Exchange nor shall it have an inherent advantage over any other Participant with respect to the Exchange's trade matching engine or procedures.</u>

<u>(c) CFM shall not have access to the Exchange's material nonpublic information, and the Exchange shall ensure CFM's access to information is limited to public information available to all Participants.</u>

<u>(d) CFM shall be subject to the same access criteria and must abide by the same Rules as all other Participants.</u>