SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106923; File No. SR-COIN-2026-003]

Self-Regulatory Organizations; Coinbase Derivatives, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Customer Margin Requirements for Security Futures Products

November 17, 2026.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (the "Act"),[1] notice is hereby given that on November 3, 2026, Coinbase Derivatives, LLC ("CDE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CDE has also filed this proposed rule change concurrently with the Commodity Futures Trading Commission ("CFTC"). The Exchange filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act ("CEA") on November 3, 2026.

I. CDE's Description and Text of the Proposed Rule Change

CDE is registered with the CFTC as a designated contract market ("DCM") under the CEA. On September 1, 2026, CDE, in its capacity as a DCM, submitted a 1-N notice filing to the SEC to register as a national securities exchange for security futures products pursuant to the notice registration provisions of Section 6(g) of the Act. On September 8, 2026, the Commission acknowledged receipt of such written notice and effectiveness of CDE's notice registration as a

[1] 15 U.S.C. §78s(b)(7).

national securities exchange contemporaneously with CDE's submission of the 1-N notice on September 1, 2026.[2]

Under its notice registration, CDE intends to list cash-settled futures on individual equity securities and exchange-traded fund shares, including perpetual single-stock futures, consistent with listing standards that it previously adopted under a separate rule filing pursuant to Section 19(b)(7) of the Act and Rule 19b-7 under the Act. CDE is submitting this proposed rule change to establish customer-level margin requirements for security futures that are higher than current SEC and CFTC requirements.

II. CDE's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. CDE's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

1. Purpose

Proposed Chapter 12 of the CDE Rulebook will govern the listing, trading, clearing, adjustment, and settlement of security futures products. Certain rules in proposed Chapter 12 address customer margin requirements for security futures products and are the subject of this filing. The remainder of proposed Chapter 12 is the subject of a separate rule filing under Section 19(b)(7) and Rule 19b-7. CDE Rule 1215 (Customer Margin) is the primary proposed

[2] Acknowledgement of Receipt of Notice of Registration as a National Securities Exchange Pursuant to Section 6(g) of the Securities Exchange Act of 1934 by Coinbase Derivatives, LLC, Exchange Act Release No. 106295 (Sept. 8, 2026), 91 Fed. Reg. 57944 (Sept. 11, 2026).

rule establishing customer margin requirements for security futures. CDE Rule 1215 will determine the applicable margin rates, the types of assets that can be accepted by a Participant Firm or Clearing Firm as margin, the effect of an undermargined customer account on Participant Firm and Clearing Firm net capital requirements, and the liquidation requirements for undermargined customer accounts.

General Rule. Rule 1215(a) provides that Participant Firms and Clearing Firms that are "security futures intermediaries" shall calculate, collect, and maintain the margin required by Rule 1215 and applicable SEC and CFTC regulations. Participant Firms and Clearing Firms that are members of the Clearing House will separately have an obligation to post margin with the Clearing House under the rules of the Clearing House. Rule 1215(f), consistent with Rule 1221(c), clarifies that nothing in Rule 1215 limits the authority of the Clearing House under its own rules with respect to margin collection, settlement processing, default management, or other clearing functions, except as required by law.

Margin Rates. Rule 1215(b) provides that the Exchange shall establish initial and maintenance margin requirements applicable to security futures held in a futures account, subject to the minimum margin requirements in SEC Rule 242.403[3] and CFTC Regulation 41.45[4]. Rule 1215(b) further provides that the margin requirement for a long or short position shall not be less than 15.05%. Rule 1215(b) is substantially identical to CME Rule 930.B.2.c., which provides that "[t]he Exchange shall establish initial and maintenance performance bond [*i.e.*, margin] requirements applicable to Security Futures and held in a futures account, provided that the performance bond requirement for any long or short position held by a clearing member on

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[3] 17 CFR § 242.403.

[4] 17 CFR § 41.45.

behalf of a Customer shall not be less than 15% of the current market value of the relevant Contract; or, such other requirement as may be established by the CFTC and SEC for purposes of CFTC Regulation 41.45(b)(1) and SEC Rule 242.403(b)(1) except as provided below."[5] Other exchanges have adopted similar provisions.[6] However, unlike these other exchanges, CDE has set required margin at 15.05%, which is higher than the SEC and CFTC's minimum required margin for security futures positions.[7] CDE added the phrase "whichever is higher" to clarify

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5 CME Rule 930.B.2.c.

6 *See* Self-Regulatory Organizations; Board of Trade of the City of Chicago, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to Customer Margin Requirements for Security Futures, Exchange Act Release No. 53626 (Apr. 10, 2006), 71 Fed. Reg. 19774, 19775 (Apr. 17, 2006), SR-CBOT-2006-01 ("The Exchange shall establish initial and maintenance margin requirements applicable to Security Futures that are held in a futures account, provided that the margin requirement for any long or short position held by a member firm on behalf of a Customer shall not be less than 20% of the current market value of the relevant Security Futures Contract, or such other requirement as may be established by the CFTC and SEC for purposes of CFTC Regulation 41.45(b)(1) and SEC Regulation 242.403(b)(1), unless a lower margin level is available for such position pursuant to paragraph (e) below."); Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by OneChicago, LLC Relating to Customer Margin Requirements for Security Futures, Exchange Act Release No. 46555 (Sept. 26, 2002), 67 Fed. Reg. 61707, 61708 (Oct. 1, 2002), SR-OC-2002-01 ("The Exchange will set and publish the initial and maintenance margin rates to be used in determining Exchange margin requirements; provided that in no case shall the required margin for any long or short position held by a Clearing Member or, if applicable, Exchange Member on behalf of a Customer be less than 20% of the current market value of the relevant Contract (or such other rate from time to time determined by the Commission and the Securities and Exchange Commission for purposes of Commission Regulation §41.45(b)(1) and Rule 403(b)(1) under the Exchange Act) unless a lower margin level is available for such position pursuant to paragraph (m) below.").

7 Because the proposed rule change will establish "higher margin levels," CDE has filed the proposed rule change under 17 CFR § 240.19b-7 rather than 17 CFR § 240.19b-4. *See* 15 U.S.C. § 78s(b)(7)(A). Section 3(a)(57)(C) of the Act defines "higher margin level" to mean "a margin level established by a national securities exchange registered pursuant to section [19(g) of the Act] that is higher than the minimum amount established and in effect pursuant to section [7(g)(c)(2)(B)] of the Act." 15 U.S.C. § 78c(a)(57)(C). The margin level established by proposed CDE Rule 1215 will be higher than the minimum amount established by the SEC and the CFTC under Section 7(g)(c)(2)(B) of the Act. *See* Customer Margin Rules Relating to Security Futures, Exchange Act Release No. 90244 (Oct. 22, 2020), 85 Fed. Reg. 75112 (Nov. 24, 2020). CDE has withdrawn a prior proposed rule change that would not have established higher margin levels. *See* Self-Regulatory Organizations; Coinbase Derivatives, LLC; Notice of Filing of a Proposed Rule Change Relating to Customer Margin Requirements for Security Futures Products, Exchange Act Release No. 106443 (Sept. 21, 2026), 91 Fed. Reg. 60670 (Sept. 24, 2026), SR-COIN-2026-001. CDE's prior proposed rule change would have exempted certain market makers registered with the Exchange from the requirements of Rule 1215, and it would have provided for lower minimum margin requirements where Customers hold "offsetting positions." The Exchange understands that an exemption for market makers and lower minimum margin requirements for offsetting positions both require a filing under 17 CFR § 240.19b-4. *See* 17 CFR § 242.400(c)(2)(v)(B); 17 CFR § 242.403(b)(2).

that the minimum margin requirement will be the higher of 15.05% or the amount required by applicable SEC and CFTC regulations.

Under SEC and CFTC regulations, Participant Firms and Clearing Firms that are "security futures intermediaries" are required to compute and collect required margin based on the "current market value" of a security future on a daily basis.[8] Under SEC Rule 242.401(a)(4)(i)(A)[9] and CFTC Regulation 41.43(a)(4)(i)(A),[10] "current market value" means on any day, with respect to a single-stock security future, "the product of the daily settlement price of such security future as shown by any regularly published reporting or quotation service, and the applicable number of shares per contract." SEC Rule 242.401(a)(6)[11] and CFTC Regulation 41.43(a)(6)[12] define "daily settlement price" as "the settlement price of [a] security future determined at the close of trading each day, under the rules of the applicable exchange, clearing agency, or derivatives clearing organization." Thus, SEC and CFTC regulations contemplate that exchange rules will determine the applicable settlement price. Under Rule 1215(b), the "daily settlement price" would be the "Daily Settlement Price," as determined by Rule 1209 and the relevant Product Appendix. To comply with SEC Rule 242.401(a)(4)(i)(A) and CFTC Regulation 41.43(a)(4)(i)(A), the Exchange intends to regularly publish the Daily Settlement Price.

Type, Form and Use of Margin. Rule 1215(c) identifies the types of assets that a security futures intermediary may accept from a Customer as margin. Consistent with SEC Rule

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8 Customer Margin Rules Relating to Security Futures, Exchange Act Release No. 46292 (Aug. 1, 2002), 67 Fed. Reg. 53146 (Aug. 14, 2002).

9 17 CFR § 242.401(a)(4)(i)(A).

10 17 CFR § 41.43(a)(4)(i)(A).

11 17 CFR § 242.401(a)(6).

12 17 CFR § 41.43(a)(6).

242.404(b)[13] and CFTC Regulation 41.46(b)[14], acceptable assets are limited to: deposits of cash, margin securities (subject to specified restrictions), exempted securities, any other assets permitted under Regulation T of the Board of Governors of the Federal Reserve System to satisfy a margin deficiency in a securities margin account, any other assets permitted under CFTC Regulation 41.46 and SEC Rule 242.404, and any combination of the foregoing. Rule 1215(c) further provides that the equity in a Customer account and thus the applicable margin deposit requirements shall be calculated in accordance with CFTC Regulations 41.46(c), 41.46(d), 41.46(e) and 41.46(f) and SEC Rules 242.404(c), 242.404(d), 242.404(e) and 242.404(f), as applicable.[15] The Exchange added the phrase "any other assets permitted under CFTC Regulation 41.46 and SEC Rule 242.404" to accommodate other assets that may be permitted under applicable CFTC and SEC regulations in the future. If the SEC, the CFTC or the Board of Governors of the Federal Reserve System amend SEC Rule 242.404, CFTC Regulation 41.46 or Regulation T[16], respectively, or otherwise provide exemptive or interpretive relief, the Exchange intends to permit Participant Firms and Clearing Firms to collect payment stablecoins as margin.

Rule 1215(c)(1) addresses the treatment of "Funding Payments," as described in Rules 1202 and 1212, in calculating account equity under Rule 1215. Funding Payments are periodic payments between the parties to a perpetual security futures contract based on the difference between the futures price and the spot price. The calculation of Funding Payments will be described in greater detail in the product specifications for listed security futures contracts.

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13 17 CFR § 242.404(b).

14 17 CFR § 41.46(b).

15 17 CFR § 41.46(c)-(f); 17 CFR § 242.404(c)-(f).

16 17 CFR Part 220.

Funding Payments are necessary to align the futures price of a perpetual security futures contract with the spot price of the underlying. Under Rule 1215(c)(1), Funding Payments receivable (or payable) by an account at the close of trading on any day in connection with an open security futures position shall be treated as variation settlement receivable (or payable) and thus shall be treated as a credit (or debit) to the account on that day for purposes of calculating account equity under applicable SEC and CFTC regulations.[17] SEC Rule 242.401(a)(32)[18] and CFTC Regulation 41.43(a)(32)[19] define "variation settlement" as "any credit or debit to a customer account, made on a daily or intraday basis, for the purpose of marking to market a security future or any other contract that is: (i) [i]ssued by a clearing agency that is registered under section 17A of the Exchange Act or cleared and guaranteed by a derivatives clearing organization that is registered under Section 5b of the [CEA]; and (ii) [t]raded on or subject to the rules of a self-regulatory authority." Funding Payments qualify as variation settlement because they will be credited or debited to a Customer account daily in order to mark a position in a cleared, exchange-traded security future to the current futures price and spot price.

Rules 1215(c)(2), 1215(c)(3) and 1215(c)(4) limit the assets that can be accepted by Participant Firms and Clearing Firms as margin. Rule 1215(c)(2) provides that shares of a money market mutual fund must meet the requirements of SEC Rule 242.404(b)(2) and CFTC Regulation 41.46(b)(2). Rule 1215(c)(3) provides that Participant Firms and Clearing Firms shall not accept as margin from any Customer securities that have been issued by that Customer or an affiliate of that Customer unless the Participant Firm or Clearing Firm files a petition with and receives permission from the Exchange for such purpose. Rule 1215(c)(4) provides that all

17 17 CFR § 41.46(c)(vi); 17 CFR § 242.404(c)(vi).

18 17 CFR § 242.401(a)(32).

19 17 CFR § 41.43(a)(32).

assets deposited by a Customer to meet margin requirements must be and remain unencumbered by third-party claims against that Customer.

Withdrawal of Margin. Rule 1215(d) requires Participants to comply with SEC and CFTC regulations regarding the withdrawal of margin from a futures account. As noted above, in calculating equity in a Customer account under SEC Rule 242.405(a)[20] and CFTC Regulation 41.47(a)[21], Funding Payments would be treated as variation settlement.

Undermargined Accounts. Rule 1215(e) requires a Participant Firm or Clearing Firm that is a security futures intermediary to take the deduction required with respect to an underfunded account in computing its net capital under applicable SEC and CFTC regulations if a Customer of the security futures intermediary has failed to comply with a required margin call within a reasonable period of time. This requirement is consistent with SEC Rule 242.406(a)[22] and CFTC Regulation 41.48(a).[23] Further, Rule 1215(e) requires the liquidation of an account where there is a liquidating deficit, in accordance with SEC Rule 242.406(b)[24] and CFTC Regulation 41.48(b).[25]

Funding Payments. Rule 1212(c) clarifies that Funding Payments may be processed through the Clearing House as cash adjustments separate from variation margin. In other words, the Clearing House may separately calculate and assess Funding Payments and variation margin.

Adjustments for Corporate Actions. As noted above, margin requirements will be calculated by reference to the Daily Settlement Price of a security futures contract. Rules

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20 17 CFR § 242.405(a).

21 17 CFR § 41.47(a).

22 17 CFR § 242.406(a).

23 17 CFR § 41.48(a).

24 17 CFR § 242.406(b).

25 17 CFR § 41.48(b).

1213(e) and (f) permit adjustments for corporate actions and state that, following a stock split, reverse split, fractional split, stock dividend, or similar stock distribution, the Exchange may restate the prior Daily Settlement Price to avoid a variation margin gain or loss caused solely by such stock distribution. Rule 1213(n) provides that margin applicable to a position will continue to apply to the position following a corporate action-related adjustment, except to the extent the Exchange or Clearing House determines otherwise pursuant to applicable law and published procedures.

Clearing. Finally, Rule 1221 clarifies that nothing in Chapter 12 of the Exchange's rulebook limits the authority of the Clearing House under its own rules with respect to margin collection, settlement processing, default management, or other clearing functions, except as otherwise required by law. CDE is not registered with the Commission as a clearing agency and is not registered with the CFTC as a derivatives clearing organization. CDE intends to designate a third-party clearing organization registered with the Commission or the CFTC as the "Clearing House" referenced in its rules.

2. Statutory Basis

CDE's proposed rule change is consistent with Section 6(h)(3)(L) of the Act[26] in conjunction with Section 7(c)(2)(B) of the Act,[27] in that the proposed margin requirements for a security futures product will not be lower than the lowest level of margin (excluding premium) required for a comparable option contract traded on any registered national securities exchange. The SEC has implemented this provision in Rule 242.403(b)(1) under the Act,[28] which as revised

[26] 15 U.S.C. § 78f(h)(3)(L).

[27] 15 U.S.C. § 78g(c)(2)(B).

[28] 17 CFR § 242.403(b)(1).

in 2020 under the Customer Margin Release[29] sets the minimum margin requirements for security futures at 15% of current market value (reduced from 20%). CDE Rule 1215 imposes a 15.05% customer margin requirement and therefore sets higher margin requirements than the 15% minimum established under CFTC and SEC Rules.[30] CFTC and SEC Rules do not preclude a self-regulatory authority from establishing higher margin levels.[31] Thus, CDE's proposed rule change is consistent with Sections 6(h)(3)(L) and 7(c)(2)(B) of the Act and the SEC's current requirements implementing those statutory provisions. The Exchange notes that the SEC's margin requirements apply equally to all security futures contracts, including perpetual security futures. Rules 1212(c), 1213(f), 1213(n) and 1221(c) clarify the application of the margin rules in specific contexts but do not alter the minimum margin requirements.

CDE's proposed rule change is also consistent with Section 6(b)(5) of the Act[32] in that it promotes competition and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to protect investors and the public interest. CDE believes that the proposed rule change is designed to accomplish these goals by permitting members to trade security futures contracts (as permitted under the Commission's rules and regulations) and by establishing the margin requirements to be not lower than the requirements under SEC and CFTC regulations.

B. CDE's Statement on Burden on Competition

CDE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act,

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29 Customer Margin Rules Relating to Security Futures, Exchange Act Release No. 90244 (Oct. 22, 2020), 85 Fed. Reg. 75112 (Nov. 24, 2020).

30 17 CFR § 41.45; 17 CFR § 242.403.

31 17 CFR § 41.42; 17 CFR § 242.400.

32 15 U.S.C. § 78f(b)(5).

because it will apply generally to market participants that trade security futures that CDE lists for trading and will not discriminate between market participants.

C. CDE's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change became effective on November 4, 2026. At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.[33]

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-COIN-2026-003 on the subject line.

[33] 15 U.S.C. §78s(b)(1).

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-COIN-2026-003. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of CDE. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-COIN-2026-003 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[34]

Vanessa A. Countryman,

Secretary.

[34] 17 CFR 200.30-3(a)(73).