

February 9, 2015

Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C.

Re: Public Comment on Related Applications Submitted by LedgerX LLC for
Registration as a Derivatives Clearing Organization and Swap Execution Facility; Industry
Filing IF 14-006

Dear Mr. Kirkpatrick:

Coinbase appreciates the opportunity to provide comments to LedgerX LLC's ("LedgerX") applications for registration with the Commodity Futures Trading Commission ("CFTC") as a derivatives clearing organization ("DCO") and swap execution facility ("SEF").

Coinbase is a leading service provider, whose products include the following: First, Coinbase provides hosted bitcoin wallets to consumers, including multi-factor authentication wallets, which can be used to store, send and receive bitcoin, and which facilitate micropayments between Coinbase accounts. Second, we offer a fiat currency / bitcoin conversion service that allows approved customers to purchase bitcoin from or sell bitcoin to Coinbase. Third, we provide merchant services that enable merchants to easily accept online bitcoin payments and immediately convert such payments into fiat currency. Fourth, we provide a set of developer software tools ("APIs") that allow others to innovate new technologies on top of the Coinbase platform. Finally, we recently launched a US-based bitcoin spot exchange.

The benefits associated with bitcoin and other digital currencies are numerous. For average users, the Bitcoin protocol offers the benefits of sending and receiving payments safely and inexpensively. For merchants, accepting bitcoin payments can broaden a merchant's customer base and offers significant cost savings compared to other payment methods. For the technology and finance industries, bitcoin offers innovation opportunities, the ability to transform the financial services marketplace and the potential to foster creativity.

The benefits of bitcoin are apparent to Coinbase and its millions of users; however, as with any type of asset, fluctuations in the price of bitcoin can expose bitcoin users to exchange rate risk. As we have seen with many different developed asset markets, transparent and regulated derivative products may provide capital efficient ways of

managing volatility such that commerce can be conducted with greater certainty. Greater ability to hedge changes in the price of bitcoin to various local currencies increases the utility of Bitcoin to many prospective users of digital currency..

The ability to hedge on a transparent market that is regulated by the CFTC is likely to allow more Bitcoin businesses to operate with greater certainty, and we are excited to see the CFTC engage with industry to achieve that end. Coinbase believes that a CFTC-regulated bitcoin derivatives exchange will bring improvements, liquidity, risk management options, reliability and transparency to the bitcoin ecosystem.

We expect market demand for both physically settled options (i.e. contracts which deliver the underlying Bitcoin) as well as cash settled options. The former can be important for businesses like Coinbase that may guarantee bitcoin delivery to their customers. Proper security is important in scenarios where storage of bitcoin occurs. There are many different vault and multisignature solutions for secure storage. Managed correctly, this can be done safely.

Thank you for considering Coinbase's comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Ehrsam", with a long, sweeping horizontal line extending to the right.

Fred Ehrsam, Co-founder, Coinbase