

July 16, 2021

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
3 Lafayette Center  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581

**Re: SMFE 2021-010 - CFTC Regulation 40.6(d) Weekly Notification of Rule Amendments for the week of July 16, 2021**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commissions (“CFTC” or “Commission”) Regulation 40.6(d), the Small Exchange, Inc. (“Small Exchange”) submits this weekly notification of the following rule amendments effective during the week of July 12, 2021:

- Small Exchange Rule 507, to simplify the Rule, to indicate that Orders accepted by the Exchange are also published on the Exchange’s website, to correct and capitalize certain terms, and to correct punctuation
- Small Exchange Rule 508, to indicate that spread Orders accepted by the Exchange are also published on the Exchange’s website
- Appendix A: Error Trade Policy, to clarify the applicability of the Policy to Trades on the Exchange and to remove an errant comma

The Fee Schedule is attached to this filing as Exhibit A and it is available at [www.smallexchange.com](http://www.smallexchange.com).

Regards,

/s/ Peter D. Santori  
Chief Regulatory Officer

Enclosed: Exhibit A

**Exhibit A**  
**Revisions to Small Exchange, Inc.'s Rules**  
**(additions underlined; deletions overstruck)**

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**Rule 507. Acceptable Orders**

(a) At the discretion of the Exchange, any of the following types of Orders, as well as any other types that may be approved from time to time and as set forth on the Exchange's website, may be entered into the Trading System with respect to any Contract:

~~(i)~~ (ii) Market with Protection Order.

~~(i)~~ — Market with Protection Orders are executed at the best price or prices available in the order book at the time the Order is received by the Trading System but will not execute outside a predefined range of prices referred to as the protected range. For bid Orders, protection points are added to the current best offer price in the order book to calculate the protection price limit. For offer Orders, protection points are subtracted from the current best bid price in the order book to calculate the protection price limit.

~~(ii)~~ (iii) Limit Order.

~~(ii)~~ — Limit Orders are Orders to buy or sell a stated quantity at a specified price or at a better price if obtainable. Unless otherwise specified, any residual volume from an incomplete limit Order is retained in the central order book until the end of the Business Day.

~~(iii)~~ (iv) Stop with Protection Order.

~~(iii)~~ — The Stop with Protection Order type is an Order which, when accepted, does not immediately go on the book, but must be “triggered” by a trade in the market at the price level submitted with the Order. Stop with Protection Orders ~~with protection~~ prevent ~~s~~Stop Orders from being executed at extreme prices. A ~~s~~Stop Order with Protection Orders is activated when the market trades at or through the stop trigger price and can only be executed within the protection range limit. The Order enters the order book as a Market Order with the protection price limit equal to the trigger price plus or minus the pre-defined protection point range.

(ive) Stop Limit Order.

(i) — The Stop Order type is an Order which, when accepted, does not immediately go on the Book, but must be “triggered” by a trade in the market at the price level submitted with the Order. After the trigger price is traded in the market, the Order enters the Order Book as a limit Order at the Order limit price. The limit price is the highest/lowest price at which the stop Order can be filled. The Order can be filled at all price levels between the trigger price and the limit price. If any quantity remains unfilled, it remains on the Order Book as a Limit Order at the limit price.

(b#) Time in Force

(i) Day Order: An Order that expires automatically at the end of each day’s trading session.

(ii) Good ‘til Canceled Order (GTC): An Order which is valid until canceled by the Customer.

(iii) Immediate or Cancel (IOC): An Order to bid or offer that must be immediately filled and any unfilled portion of the Order is canceled.

(iv) Fill or Kill Order (FOK): An Order that demands immediate execution or cancellation. Typically involving a designation, added to an order, instructing the broker to offer or bid (as the case may be) one time only; if the Order is not filled immediately, it is then automatically cancelled.

## Rule 508. Spread Orders

A spread Order is an Order to simultaneously buy and sell at least two different Contracts in a form permitted by the Exchange, as set forth on the Exchange’s website. Exchange spreads operate on a Central Limit Order Book and therefore accept a single price and quantity even though they are constructed as combinations of multiple Contracts.

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## Appendix A: Error Trade Policy

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### B. Trade Price Outside Non-Reviewable Range

~~**Futures Contracts:**~~ If the Exchange determines that a Trade price is outside the Non-Reviewable Range for a Futures Contract (including Futures spread Transactions), the Trade price will be adjusted to a price that equals the fair value market price for that Contract at the time the Trade in review occurred, plus or minus the Non-Reviewable Range. In the event there are multiple parties, prices and/or Contracts involved in the Transactions in question, the Exchange has the authority to cancel rather than price adjust these Transactions. The Exchange will alert all market participants to the decision.

Any Trades that were price adjusted will be inserted into the Exchange's official time and sales records at the adjusted Trade price. If any Trades are cancelled those Trades will be canceled and removed from the Exchange's official time and sales records.

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**Exhibit A**  
**Revisions to Small Exchange, Inc.'s Rules**  
**(clean version)**

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(ii) **Limit Order.** Limit Orders are Orders to buy or sell a stated quantity at a specified price or at a better price if obtainable. Unless otherwise specified, any residual volume from an incomplete limit Order is retained in the central order book until the end of the Business Day.

(iii) **Stop with Protection Order.** The Stop with Protection Order type is an Order which, when accepted, does not immediately go on the book, but must be "triggered" by a trade in the market at the price level submitted with the Order. Stop with Protection Orders with prevent Stop Orders from being executed at extreme prices. A Stop with Protection Order is activated when the market trades at or through the stop trigger price and can only be executed within the protection range limit. The Order enters the order book as a Market Order with the protection price limit equal to the trigger price plus or minus the pre-defined protection point range.

(iv) **Stop Limit Order.** The Stop Order type is an Order which, when accepted, does not immediately go on the Book, but must be "triggered" by a trade in the market at the price level submitted with the Order. After the trigger price is traded in the market, the Order enters the Order Book as a limit Order at the Order limit price. The limit price is the highest/lowest price at which the stop Order can be filled. The Order can be filled at all price levels between the trigger price and the limit price. If any quantity remains unfilled, it remains on the Order Book as a Limit Order at the limit price.

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## Appendix A: Error Trade Policy

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