

July 15, 2022

VIA ELECTRONIC PORTAL

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

Re: SMFE 2022-015 - CFTC Regulation 40.6(d) Weekly Notification of Rule Amendments for the Week of July 11, 2022

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 11, 2022.

1. Rule 904(b) (clarifying front and back month definition) and 904(d)(iii) (clarifying that this rule is subject to product-specific settlement processes set forth elsewhere in the Small Exchange’s Rulebook);
2. Rules 30004.A., 33004.A., 39004.A. and 40004.A. (correcting cross reference to Rule 904); and
3. Rules 31A004.D. and 32A004.D. (removing reference to chapter number).

These changes are attached to this filing as Exhibit A and are available at www.smallexchange.com.

Regards,

/s/ Peter D. Santori
Chief Regulatory Officer and
Head of Legal

Enclosed: Exhibit A

Exhibit A
(additions underlined; deletions ~~overstruck~~)

Rule 904. Settlement, Value and Process

* * *

(b) Definitions of front month and back month. The front month is the Contract nearest to expiration for a particular Exchange product. The front month is the anchor leg for settlements. When the front month expires, the nearest Contract to expiration becomes the new front month. All other ~~monthly~~ Contracts not the front month are the back month.

* * *

(d) Final Settlement

* * *

(iii) For all Options Contracts, unless otherwise indicated, the Final Settlement of the underlying Futures Contract is used to determine which Options Contracts will be automatically exercised. Options Contracts that are +1 tick in-the-money will be automatically exercised. Exercised Options Contracts will result in a position in the underlying Futures Contract at 3:00:00PM CT, which is then cash-settled pursuant to applicable Exchange Rules. Contrary instructions are not allowed on the day of expiration.

Chapter 30: Small Stocks 75 Index Futures Contracts

* * *

30004. Settlement Procedures
Contracts will be cash settled.

30004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract will be determined pursuant to the process set forth in Exchange Rule 904~~(e)~~(1).

* * *

Chapter 31A: Small Precious Metals Index Options on Futures Contracts

* * *

31A003. Trading Specifications

* * *

31A003.D. Daily Price Limits

Price limits are imposed on the underlying, SPRE. In the case of a halt in the underlying SPRE, the Option will also cease trading. ~~Reference Chapter 31.~~

* * *

Chapter 32A: Small Dollar Index Options on Futures Contracts

* * *

32A003. Trading Specifications

* * *

32A003.D. Daily Price Limits

Price limits are imposed on the underlying, SFX. In the case of a halt in the underlying SPRE, the Option will also cease trading. ~~Reference Chapter 32.~~

* * *

Chapter 33: Small Technology 60 Index Futures Contracts

* * *

33004. Settlement Procedures
Contracts will be cash settled.

33004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract will be determined pursuant to the process set forth in Exchange Rule 904(e)(i).

* * *

Chapter 39: Small Cryptocurrency Equity Index Futures Contracts

* * *

39004. Settlement Procedures
Contracts will be cash settled.

39004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract, which is based on an Exchange equity index, will be determined pursuant to the process set forth in Exchange Rule 904(e)(i).

* * *

Chapter 40: Small Equities 400 Index Futures Contracts

* * *

40004. Settlement Procedures
Contracts will be cash settled.

40004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract, which is based on an Exchange equity index, will be determined pursuant to the process set forth in Exchange Rule 904(e)(i).

* * *

Exhibit A (Clean Version)

Rule 904. Settlement, Value and Process

* * *

(b) Definitions of front month and back month. The front month is the Contract nearest to expiration for a particular Exchange product. The front month is the anchor leg for settlements. When the front month expires, the nearest Contract to expiration becomes the new front month. All other Contracts not the front month are the back month.

* * *

(d) Final Settlement

* * *

(iii) For all Options Contracts, unless otherwise indicated, the Final Settlement of the underlying Futures Contract is used to determine which Options Contracts will be automatically exercised. Options Contracts that are +1 tick in-the-money will be automatically exercised. Exercised Options Contracts will result in a position in the underlying Futures Contract at 3:00:00PM CT, which is then cash-settled pursuant to applicable Exchange Rules. Contrary instructions are not allowed on the day of expiration.

* * *

Chapter 30: Small Stocks 75 Index Futures Contracts

* * *

30004. Settlement Procedures
Contracts will be cash settled.

30004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract will be determined pursuant to the process set forth in Exchange Rule 904.

* * *

Chapter 31A: Small Precious Metals Index Options on Futures Contracts

* * *

31A003. Trading Specifications

* * *

31A003.D. Daily Price Limits

Price limits are imposed on the underlying, SPRE. In the case of a halt in the underlying SPRE, the Option will also cease trading.

* * *

Chapter 32A: Small Dollar Index Options on Futures Contracts

* * *

32A003. Trading Specifications

* * *

32A003.D. Daily Price Limits

Price limits are imposed on the underlying, SFX. In the case of a halt in the underlying SPRE, the Option will also cease trading.

* * *

Chapter 33: Small Technology 60 Index Futures Contracts

* * *

33004. Settlement Procedures

Contracts will be cash settled.

33004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract will be determined pursuant to the process set forth in Exchange Rule 904.

* * *

Chapter 39: Small Cryptocurrency Equity Index Futures Contracts

* * *

39004. Settlement Procedures

Contracts will be cash settled.

39004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract, which is based on an Exchange equity index, will be determined pursuant to the process set forth in Exchange Rule 904.

* * *

Chapter 40: Small Equities 400 Index Futures Contracts

* * *

40004. Settlement Procedures
Contracts will be cash settled.

40004.A. Final Settlement Value

On the day of expiration, the Final Settlement of the Contract, which is based on an Exchange equity index, will be determined pursuant to the process set forth in Exchange Rule 904.

* * *