



Rule Self-Certification

August 16, 2021

Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: SMFE 2021-014 - Self-Certification Pursuant to CFTC Regulation 40.6(a) – Amendments to Exchange Rule 612

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (“Act”), and Section 40.6 of the Commission’s regulations thereunder, Small Exchange, Inc. (“SMFE” or the “Exchange”) submits this self-certification as written notice that the Exchange amending Exchange Rule 612, Simultaneous Buy and Sell Orders for Different Beneficial Owners, as set forth on the attached Exhibit A (marked and clean versions, respectively), which is attached hereto and incorporated herein by reference (“Rule Change”). The Rule Change is effective August 30, 2021.

The purpose of the Rule Change is to set forth the amount of time, fifteen (15) seconds, an Option Order (once self-certified for trading on the Exchange) must be exposed to the on the Trading System.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Act and identified that the amendments may have some bearing on the following Core Principles:

- Core Principle 2, Compliance with Rules: The Exchange shall continue their normal practice to establish, monitor, and enforce compliance with the rules applicable to the trading of Exchange Contracts.
- Core Principle 4, Prevention of Market Disruption: The Exchange has the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading volumes as may be associated with bilaterally negotiated trades, and holds the authority to take remedial action as appropriate. Further, the Rule Change will not impact the Exchange’s ability to perform its trade practice and market surveillance obligations under the CEA, CFTC Regulations and its Rules.

- Core Principle 9, Execution of Transactions: The Rule Change, once Options are self-certified for trading on the Exchange, will further enable the Exchange to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.
- Core Principle 12, Protection of Market Participants: The Rule Change is subject to the Rules of the Exchange, which include prohibitions against abusive practices, including fraudulent, anti-competitive or unfair activity.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange certifies that the amendments comply with the Act, including regulations under the Act. The Exchange is not aware of any opposing views. The Exchange also certifies that this submission has been posted on the Exchange's website at www.thesmallexchange.com.

If you require any additional information regarding this submission, please contact the undersigned at (312) 761-1660.

Regards,

Peter D. Santori
Chief Regulatory Officer

Enclosed: Exhibit A

Exhibit A

Revisions to Small Exchange Rule 612

(additions underlined; deletions ~~overstruck~~)

Rule 612. Simultaneous Buy and Sell Orders for Different Beneficial Owners

On the Exchange's Trading System, opposite Orders for different beneficial owners that are simultaneously placed by a Member, Related Party or Participant with discretion over both accounts may be entered into the Trading System; ~~5~~ provided that one Order is exposed for a minimum of five (5) seconds in the case of Futures Orders and fifteen (15) seconds in the case of Options Orders. An Order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another Order entered by the same firm only if this other Order has been entered immediately upon receipt and has been exposed on the Trading System for a minimum of five (5) seconds for Futures Orders and fifteen (15) seconds in the case of Options Orders.

Clean Version

Rule 612. Simultaneous Buy and Sell Orders for Different Beneficial Owners

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