



## Rule Self-Certification

August 18, 2021

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

**Re: SMFE 2021-015: Self-Certification Pursuant to CFTC Regulation 40.6 -  
Regarding Small Exchange, Inc.'s Market Maker Incentive Program**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) 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 is launching a new Market Maker Incentive Program Firm (“Program”) for various eligible contracts, as set forth on the attached Exhibit A, which is attached hereto and incorporated herein by reference. The Program will become effective on September 1, 2021 through December 31, 2021.

The purpose of the Program is to promote participation by providing an incentive to the introducing brokers and clearing futures commission merchants to alleviate some of the costs associated with SMFE products.

SMFE certifies that Program complies with the requirements of the Commodities Exchange Act (“Act”) and the rules and regulations promulgated thereunder. Specifically, the Exchange has reviewed the core principles as set forth in the Act (“Core Principles”), and believes that the Program complies with:

- Core Principle 2, Compliance with Rules: The Program is established pursuant to existing Exchange Rule 315. Participants in the Program will be selected by the Exchange using criteria as stated in Exhibit A. The Exchange will monitor Program Participants’ volume to ensure proper distribution of earned incentive.
- Core Principle 4, Monitoring of Trading: The Program will not impact the Exchange’s ability to perform its trade practice and market surveillance obligations under the CEA, CFTC Regulations, and its Rules. The Exchange will monitor trading in the Program to prevent manipulative trading and market abuse.

- Core Principle 7, Availability of General Information: The terms of the Program have been disseminated on the Exchange's website ([www.smallexchange.com](http://www.smallexchange.com)). For further inquiry, Market Participants may contact the Exchange for more information regarding the Program.
- Core Principle 9, Execution of Transactions: The products included in this Program are listed for trading in the open and competitive market.
- Core Principle 12, Protection of Market Participants: The Program is subject to the Rules of the Exchange, which include prohibitions against abusive practices, including fraudulent, anti-competitive or unfair activity.
- Core Principle 18, Recordkeeping: All Participants in the Program must execute a contractual agreement with the Exchange in which each participant will expressly agree to comply with and be subject to applicable regulations and Exchange Rules. The Program is subject to the Exchange's record retention policies, which comply with the CEA and CFTC Regulations.

The Program will not incentivize abusive or manipulative trading activity, and it will not impact the Exchange's ability to monitor trading activity and detect aberrant trade or order activity. The Exchange rules prohibit fraudulent, manipulative or abuse trading practices, and all Exchange Participants are required to comply with to Exchange rules and relevant regulation. The Program does not impact the Exchange's order execution processes. Finally, the Exchange has systems designed to track Program Participants' trade activity to ensure distribution of incentives properly earned under the Program.

The Exchange certifies the Program complies with the Act and all rules and regulations promulgated thereunder. 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.smallexchange.com](http://www.smallexchange.com).

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

Regards,

/s/ Peter D. Santori  
Chief Regulatory Officer

Enclosed: Exhibit A