the SMALL exchange

September 17, 2021

<u>**VIA ELECTRONIC PORTAL**</u>

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

> Re: **SMFE 2021-017 - CFTC Regulation 40.6(d) Weekly Notification of Rule Amendments for the week of September 13, 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 September 13, 2021:

- Small Exchange Rule 904, to clarify the scope of Small Exchange's settlement process for Contracts.

Additionally, Small Exchange has been advised by its Index Calculation Agent that the Small Cannabis Equity Index will rebalance to distribute the cash components equally across the uncapped equities. As of August 16, 2021, the cash components are 0.983929 which correspond to an approximate increase of 0.48% for each component at current prices. Final share amounts will be calculated after the close on September 17, 2021, and the rebalance will be effective the following trading day, September 20, 2021. The updated weights can be found at the following link: https://indexit.dxfeed.com/?symbol=S420:SME.

These changes are attached to this filing as Exhibit A, and this filing is also available at 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 904. Settlement, Value and Process

(a)　　Overview of settlement process. The Exchange, in conjunction with the DCO, will determine the settlement value for Contracts. For each Contract, the Exchange shall publish a Daily Settlement and a Final Settlement on the Contract's day of expiration. The Daily Settlement of each Contract occurs after the Contract closes, unless otherwise stated by the Exchange. Any settlement value shall be determined by the Exchange in accordance with the DCO's rules. Notwithstanding the foregoing, the DCO may modify settlement values in its discretion in accordance with its rules. All Contracts are cash settled at expiration.

Expiration for each Contract is the third Friday of the month at 3:00:00PM CT, unless such day falls on a day on which the Exchange is not open; in which case the day of expiration is the Business Day preceding the third Friday of the month; or, unless otherwise indicated. Final Settlement will occur on the same day as the expiration of the Contract and payments, if any, will be based on the Final Settlement determined by the Exchange.

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(c)　　For the Daily Settlement of front month, the following applies, unless otherwise indicated. If a Trade occurs in the last sixty (60) seconds of the Contract's Trading Hours, the Daily Settlement for the front month will be calculated using the volume weighted average price ("VWAP") of such Trades, rounded to the nearest tradable tick, or $0.01. If there are no Trades during this time, the Exchange will use the following methodology to determine the Daily Settlement for such Contracts:

Cash Index Value + (Previous Day's Back-Front Spread / Days Between Front and Back Month Contracts) x Days to Expiration

(d)　　For the Daily Settlement of back month, the following applies, unless otherwise indicated. If a Trade occurs in the last sixty (60) seconds of the Contract's Trading Hours, the Daily Settlement will be calculated using the VWAP of such Trades rounded to the nearest tradable tick, or $0.01. If there are no trades during this time, the Daily Settlement of such back month Contract will be calculated using calendar spreads. In the absence of relevant calendar spread trades during the Business Day, the Daily Settlement for such back month Contract will be the front month Daily Settlement for such product plus the previous day's front month Daily Settlement minus the back month spread value.

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<p align="center">*   *   *</p>

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