May 13, 2021

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 2021-006 – CFTC Regulation 40.2(a) Certification: Initial Listing of the Small US Crude Oil Futures Contract

Dear Mr. Kirkpatrick:

Small Exchange, Inc. ("Small Exchange", "SMFE" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the initial listing of the Small US Crude Oil Futures Contracts ("Contract" or "Contracts") as set forth below for trading on the Small Exchange matching engine and for submission for clearing via the Options Clearing Corporation ("OCC"), effective May 14, 2021 for trade date May 17, 2021.

Contract Title	Commodity Code	SMFE Rulebook Chapter
Small US Crude Oil Futures Contract	SMO	37

Contract Description

The Small US Crude Oil Futures Contract ("Contract(s)") is a cash-settled future whose underlying is a United States-referenced blend of several streams of domestic light sweet crude oil having an API Gravity between 38° and 43°, and a Sulfur content of less than 0.42% ("Crude Oil" or "Light Sweet Crude Oil"). The final settlement price of the Exchange's Contract is based on published prices of the NYMEX's Light Sweet Crude Oil Futures contract (CL).[1]

The Exchange believes the Contracts will appeal to a wide range of Exchange Participants based on the Contract's composition and the notional size of the Contracts.[2] With its specific U.S. crude oil exposure, the Contracts help facilitate risk management and investment for both retail and industrial Participants while representing one of the most actively traded crude oil benchmarks. The smaller notional size of the Contracts afford Participants a capital-efficient way to mitigate oil volatility. In addition to retail Participants, the Exchange expects the Contracts to appeal to financial advisors of Separately Managed Accounts, pension funds, and institutions looking for particular oil market exposure.

Cash Market Overview

Crude Oil is traded globally in a number of different ways. The spot, forward and futures markets for Crude Oil all play important trading roles.

The spot market refers to either a one day or one day plus one commodity transaction where the physical commodity changes hands soon after the seller receives payment. The forward market refers to contracts where buyers and sellers agree on a price for a commodity that will be delivered at a given point in the future. Unlike the spot and forward markets, the futures contract markets track a highly standardized commodity through a financial exchange, rather than a highly customizable contract bought and sold through one-on-one transactions. Since futures markets track a specific commodity, they are available to a much larger group of participants than spot and forward markets.

One reason for regional pricing of crude oil is that it is a multifarious commodity - that is, not all crude oils are alike. Some oil can be extracted at a cost of a few dollars per barrel, while others require sophisticated equipment, techniques and processing. In general, oil with a low viscosity is referred to as "light", while thicker, higher viscosity crude oils are considered "heavy". Light oils are generally valued more highly than heavy oils. The viscosity of crude oil is measured on the American Petroleum Institute Gravity Scale, which determines how heavy or light the oil is relative to water.

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[1] NYMEX is a registered trademark and CL is a ticker symbol of New York Mercantile Exchange, Inc. and/or its affiliates. Reference is made to them here only to describe the source of the final settlement.
[2] Each capitalized term used in this product filing and not defined herein shall have the meaning set forth in the Small Exchange Rulebook (as amended, restated, supplemented or otherwise modified from time to time in accordance with its provisions).

In addition to the viscosity, another factor in determining the value of crude oil is the sulfur content. The lower the sulfur content the higher the value. Crude oils low in sulfur are called “sweet”, while those with high sulfur contents are called “sour”.

To price variable quality commodities, a benchmark price is used to track general price movements. Pricing in any particular transaction is based on the market price and adjusts for location and quality. Since spot and forward markets are “physical” markets, their main purpose is to exchange commodities between willing buyers and sellers. However, participants’ needs have evolved over time and now require financial instruments that can help them hedge to reduce price volatility. Futures contracts make this possible.

Analysis of the Deliverable Supply

For the proposed Contracts, in its analysis of deliverable supply, the Exchange has determined deliverable supply as U.S. Crude Oil stocks at tank farms and pipelines at the Cushing, Oklahoma site, as published by the U.S. Energy Information Administration. The below table displays U.S. Crude Oil stocks at tank farms and pipelines in Cushing, Oklahoma for the five years 2016 - 2020.

U.S. Crude Oil Stocks at Tank Farms and Pipelines in Cushing, Oklahoma[3]

Date	U.S. Crude Oil Stocks (Barrels)
2020	59,049,000
2019	35,866,000
2018	41,895,000
2017	48,701,000
2016	67,740,000

The reserve numbers described above represent the Exchange’s assessment of deliverable supply. For the five years 2016 - 2020 the average reserve number is 50,650,200 barrels. No adjustments are made to reflect long term supply arrangements in this market. Domestic Sweet Crude Oil offered for contract sale at Cushing, Oklahoma is CL.. It’s a fully blended aggregate of many feeder streams and only begins its existence in blend tanks in Cushing, OK. According to data provided by Crude Monitor (http://crudemonitor.us/), a site established and maintained in the interest of communicating data and information pertaining to the quality of crude at Cushing, OK, the one year average API Gravity and Sulfur content of domestic sweet blend crude oil at Cushing, OK are 41.5° and 0.396%, respectively.[4]

[3] U.S. Energy Information Administration, https://www.eia.gov/dnav/pet/pet_stoc_cu_s1_a.htm
[4] http://proof.crudemonitor.us/crudes/index.php?acr=DSW

Using the 2016 - 2020 period, the monthly deliverable supply for Crude Oil is 4,220,850 barrels. Given the Contract is equivalent to 100 barrels of Light Sweet Crude Oil, and the position limit size is 5,000; this is equal to 11.84% of the monthly deliverable supply. Given the large amount of Crude Oil held in U.S. stocks, the Contract's position limits are well below 25% of the deliverable supply as prescribed by 17 CFR 151.4(a)(2)(i).

Data from the Futures Industry Association ("FIA") reveals that the yearly trading volumes of CL contracts were 274,180,352 contracts; 291,465,320 contracts; and 306,613,007 contracts for the last three (3) years.

Yearly Trading Volumes of CL contracts

Date	Contract Volume
2020	274,180,352
2019	291,465,320
2018	306,613,007

Compliance with Core Principles

The Exchange has reviewed CFTC Part 38 "Designated Contract Markets", which sets forth the Core Principles with which every DCM must demonstrate compliance, and it has identified that the Contracts may obligate the Exchange to compliance with the following Core Principles:

Core Principle 2 - Compliance with Rules

Trading in the Contracts will be subject to all the Exchange's Rules, including prohibitions against fraudulent, noncompetitive, manipulative, abusive, and disruptive practices as outlined in Chapter 6 of the Exchange's Rulebook, specifically, the Exchange's Trade Practice Rules.

As with all contracts listed for trading on the Exchange, trading activity in the Contracts will be subject to monitoring, surveillance, and regulation by the Exchange's Regulatory Department as outlined in Chapter 5 of the Exchange's Rulebook. The Regulatory Department has the authority to exercise its investigatory and enforcement jurisdiction where potential rule Violations are identified. The Exchange has processes in place to monitor its markets for compliance with the Rules.

The Exchange has contracted the National Futures Association ("NFA") to be its Regulatory Service Provider. As such, the NFA will work with the Exchange to provide trade practice surveillance, market surveillance, investigations and disciplinary escalations, regulatory reporting and recordkeeping, arbitration services, and audit trail requirements. These regulatory functions will also be supported by the Exchange's technology, which will collect and transmit the bid, offer, and trade data to the NFA.

The Exchange has also contracted Eventus Systems ("Eventus") as a software provider for real-time market surveillance. The Exchange's regulatory staff uses the technology and services provided by Eventus along with the Exchange's proprietary software, Administration and Risk Monitor ("ARM") application to monitor positions and trading in real-time and to detect potential market anomalies, trade practice Violations, and large trader positions. The ARM allows the Exchange staff to monitor trading and the market in real-time with the ability to query orders, trades, and current positions. The ARM also monitors firms' risk limit usage and prevents new orders if pre-trade limits are breached.

The Exchange is a member of the Joint Compliance Committee ("JCC"). The JCC is a voluntary committee of self-regulatory organizations including DCMs, swap execution facilities, and registered futures associations. The JCC operates through its members to protect market integrity within and across its members' markets by providing a forum for information sharing related to investigations and disciplinary actions among other regulatory topics and issues that may impact their markets, members, or self-regulatory responsibilities.

Additionally, the Exchange is a member of the Joint Audit Committee ("JAC"). The JAC is a representative committee of the Audit and Financial Surveillance Departments of DCMs and has the responsibility to determine the best policies, practices, and procedures for conducting financial reviews, and to assist its members in the financial surveillance of Futures Commission Merchants ("FCM").

The Exchange is a member of the Futures Industry Association ("FIA"). The FIA is the leading global trade organization for futures, options, and centrally-cleared derivatives markets. The FIA's membership includes clearing firms, exchanges, clearinghouses, trading firms, and commodities specialists from more than 48 countries and technology vendors, lawyers, and other professionals serving the industry. The FIA's mission is to support open, transparent, and competitive markets, protect and enhance the integrity of the financial system, and promote high standards of professional conduct. The Exchange adheres to and supports the mission of the FIA through the enforcement of its Rules.

The Exchange is a member of the Intermarket Surveillance Group ("ISG"). The ISG is an international group of exchanges, market centers, and market regulators that perform market surveillance in their respective jurisdictions. The ISG provides a framework for the sharing of information and the coordination of regulatory efforts among exchanges trading securities and related products to address potential intermarket manipulations and trading abuses.

The Exchange certifies that its surveillance program and systems together with its participation in key industry groups for information sharing and regulatory coordination addresses the DCM requirements of Core Principle 2.

Core Principle 3 - Contracts Not Readily Subject to Manipulation

The Exchange believes that the Contracts are not readily susceptible to manipulation because of their structural attributes and active underlying cash market. The market for the underlying is judged to be sufficiently broad to deter attempted cornering, manipulation, crowding, or exertion of undue influence during Exchange hours and the final settlement window of expiring Contracts.

The Contract is composed of an oil that is among the most actively traded in the market. There are numerous global entities that trade oil on a 24-hour basis, which market Participants, such as liquidity providers, pension funds, asset managers, and individual traders deem as providing sufficient volume and liquidity to be viable cash marketplaces because of the large notional volume traded. Further, the Exchange has commitments from several large, well-known liquidity providers to post two-sided quotes in the Contracts.

The liquidity provider Participants with which the Exchange has commitments, are active in both the cash and derivatives markets for United States Light Sweet Crude Oil. The Contracts complement these Participants' existing market exposure and can be used to further manage their own risk while creating a deeper pool of liquidity for other Participants. If a Participant takes a limit sized position, equal to 5,000 Contracts within five (5) business days prior to expiration, the depth of the related cash, futures, and option markets allows them to manage this position without causing market disruption.

The arbitrage opportunities that exist between the Contracts and the United States Light Sweet Crude Oil that underlies the Contract will help keep prices consistent with those of the marketplace. Additionally, the Exchange may implement a Liquidity Provider Incentive Program, or a similar program, to encourage market participation and foster a fair, orderly, and liquid marketplace.

In addition to liquidity provider Participants, the Exchange expects market Participants to be individual traders and investors because the composition of the Contract and the Contract's notional size afford these individuals a capital-efficient way to hedge oil market volatility, diversify a portfolio, or invest passively in a prominent, market-wise, oil benchmark.

The Contracts provide distinctive oil market exposure to a prominent and widely-traded crude oil and an economic benefit to a broad pool of retail Participants. As volume and open-interest increase, the Exchange expects that the size of the Contracts will lend themselves to adoption by Commodity Trading Advisors ("CTA") and Commodity Pool Operators ("CPO") for more efficient account management. The Contracts allow a wide range of Participants, including individual traders and investors, liquidity providers, CTAs, CPOs, pension funds and asset managers, the ability to better manage and mitigate oil market risk.

The Exchange believes the oil making up the Contract is deemed as having sufficient volume, as described in the volume numbers above, and liquidity for market Participants. Based on this liquidity, there will be minimal adverse market impact from Participants hedging in the Contracts.

The Exchange has in place surveillance tools and procedures to identify potential manipulation during trading hours and the final settlement window. The Exchange will use Eventus' software as part of its market surveillance program for potential manipulation. Eventus has exceptionally strong capabilities when it comes to data extraction, transformation, and loading, and their Validus software normalizes and reconciles Exchange data to create a holistic picture of activity for surveillance purposes. Eventus' software allows the Exchange's Regulatory Department to analyze Exchange market data during regular trading hours and perform real-time surveillance during the final settlement window.

All activity in the Contracts will be subject to monitoring and surveillance by the Exchange's Regulatory Department using the ARM and software provided by Eventus. Additionally, the NFA will carry out trade practice and market surveillance pursuant to the provisions of the Regulatory Services Agreement.

The Exchange certifies that its surveillance program and systems together with its participation in key industry groups for information sharing and regulatory coordination addresses the DCM requirements of Core Principle 3.

Core Principle 4 - Prevention of Market Disruption

Trading in the Contracts will be subject to the Rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to trading and the cash settlement process. Trading activity will be subject to monitoring and surveillance by the Exchange's Regulatory Department.

The Exchange utilizes risk controls and has the ability to pause and halt its market to prevent market disruption. The Exchange has three levels of risk controls: Exchange, firm, and Financial Information Exchange ("FIX") API. Exchange-wide risk controls include order validations, dynamic order protections, and price limits. Dynamic order protection validates incoming orders to prevent erroneously-priced orders from hitting the market while price limits protect the market from significant price moves from prior day's settlement.

Firm level risk controls include maximum order quantity limits, daily position exposure limits, a kill switch, self-trade match prevention, and execution rate protection. Maximum order limits can be set by Clearing Members on their Participant trading firms to limit the size of orders that can be placed through the Exchange Trading System. Daily position exposure limits are set by Clearing Members on their Participant trading firms to limit positions that can be held by such trading firms.

A kill switch can be enabled by the Exchange, a Clearing Member, or Participant trading firm through the Exchange's Trading System to block new orders or block new orders and cancel working orders. Once enabled, the kill switch will prevent any new orders until it has been disabled. Self-trade match prevention is an optional risk control intended to prevent matching of orders with common beneficial ownership.

Execution rate protection is a form of a risk control placed on a liquidity provider's grouped orders to limit the number of trades over a specified time range. On the FIX API level, there is an optional "cancel on disconnect" risk control by which all working orders are canceled within a FIX session when disconnected from the gateway.

The Exchange uses intraday and daily price limits to ensure its markets work in an efficient and orderly manner during large, unexpected movements and increased volatility, which are set forth in Rule 37003.D. Price Limits.

Price bands are based on the last-traded price and will prevent erroneously-priced orders from entering the market and significantly skewing prices. The bands validate limit-price orders, and they reject any buy orders above the upper band and any sell orders below the lower band. Band validation works equally well for single futures Contracts and calendar spreads. Price bands are dynamic, set by the Exchange, and can be altered for a Contract intraday.

As its Regulatory Service Provider, the NFA works in conjunction with the Exchange on services including, but not limited to, market and trade surveillance. The Exchange will utilize the Eventus' Validus software to assist in real-time surveillance along with the Exchange's ARM. The NFA's market surveillance department and Validus will use the Exchange's audit trail as the primary source of data. These systems, along with the Exchange's ARM, will allow the Exchange's regulatory staff to monitor large trader positions and to detect potential market anomalies and trade practice Violations in real-time and on a T+1 basis. The Exchange's ARM, along with NFA and Validus, will alert the Exchange's regulatory staff of potential position limit Violations and other potential market irregularities as they develop and before market disruptions occur or become more serious.

Core Principle 5 - Position Limits or Accountability

To prevent price distortions and market disruptions, the Contracts will be subject to accountability levels and position limits. The Exchange has determined position accountability levels to be 10,000 Contracts per tradable month and position limits to be 5,000 Contracts for the five (5) business days prior to expiration.

If a Participant's position exceeds the Contract's accountability level threshold, the Exchange may require the Participant to provide information pertaining to the nature of the position and the trading strategy employed. The Exchange may also require the Participant to liquidate a portion of their position in an orderly manner to a level that is below the accountability threshold.

No person may hold or control positions separately or in combination, net long or net short, in the Contract in excess of the Exchange's set position limit. The Exchange, in conjunction with the NFA, will closely monitor daily volume and open interest to determine if these accountability levels and/or position limits require modification, and it will make such modifications as deemed necessary.

While monitoring trading on the Exchange, the NFA will provide alerts that include, but are not limited to, the following: (a) whenever an account is identified as a large trader for the first time; (b) whenever large trader positions exceed reportable levels; (c) whenever large trader positions exceed speculative position limits, if any; or (d) whenever large trader positions exceed accountability levels.

The Small Exchange settlement value and the large supply of Crude Oil market exemplify the conservatism of these standards. For example, on February 12, 2021, the Small US Oil Contract futures would have settled to a hypothetical 58.24. This would have placed the value of one futures contract at $5,824. This would give a hypothetical 10,000 contract position, the accountability level, in the Small US Crude Oil futures has an approximate notional value of $58 million. This signifies less than 1% of the dollar adjusted U.S. supply of Crude Oil, and less than 11% of the dollar adjusted U.S. supply of Crude Oil stocks at tank farms and pipelines in Cushing, OK.

Core Principle 7 - Availability of General Information

The Exchange will publish information on its website regarding specifications, terms and conditions, daily trading volume, open interest, and settlement value for the Contracts. Any Exchange Rule amendments and product changes (including terms and conditions of the Contracts) will also be made available through the Exchange website. Notice of new product listings, new rules, and rule amendments will be displayed on the Exchange website concurrent with the filing of such with the Secretary of the CFTC.

Core Principle 8 - Daily Publication of Trading Information

The Exchange will publish information on settlement values, volume, open interest, and opening and closing ranges for Contracts on a daily basis on its website and via market data, as appropriate.

Core Principle 9 - Execution of Transactions

The Contracts will be listed for trading on the Exchange's Trading System and cleared through its DCO, the OCC.

Core Principle 10 - Trade Information

All requisite trade information will be included in the audit trail, and it is sufficient for the Regulatory Department and the NFA as the Regulatory Service Provider to monitor for market abuses. The Exchange's Trading System will capture and maintain all information with respect to each order. This will include information on orders that were executed, those that were not executed, and all other information relating to the trade environment that determines the matching and clearing of trades, such as clearing information and number and type of Contracts. An order entered into the Exchange Trading System can be tracked from the time entered until the time that it is matched, canceled, or otherwise removed. All of this information is contained in the Exchange's audit trail.

Core Principle 11 - Financial Integrity of Transactions

The Contracts will be cleared by the OCC, which is registered with the Commission as a DCO and subject to all CFTC regulations related thereto.

Core Principle 12 - Protection of Markets and Market Participants

Chapters 4, 5, and 6 of the Exchange's Rulebook establish Rules to protect the market and market Participants from abusive, disruptive, fraudulent, noncompetitive, and unfair conduct and trade practices. These Rules apply to all Transactions in the Exchange's Contracts, which includes Small US Crude Oil Futures Contracts.

Core Principle 13 - Disciplinary Procedures

The Exchange has set forth Rules in Chapter 7 of the Exchange's Rulebook that provide for the Exchange to discipline, suspend, expel, or otherwise sanction Members, Participants, and Related Parties that violate the Exchange's Rules or the CFTC's Rules and Regulations. The Exchange has engaged the NFA to monitor and provide market surveillance, and they will work together with Exchange staff to identify and pursue potential Violations of applicable Rules. At the conclusion of any of its investigations, the NFA will provide its findings to the Exchange, and the Exchange will determine whether the facts and circumstances warrant the pursuit of appropriate disciplinary action.

Core Principle 14 - Dispute Resolution

Chapter 8 of the Exchange's Rulebook establishes Rules concerning dispute resolution and provides for resolution through the NFA arbitration program.

Market Participant Overview and Due Diligence

The Exchange has consulted with a wide range of market Participants taking into account their respective needs for a small oil futures product. In doing so, the Exchange has elicited feedback from and the needs of an extensive group of market Participants including individual retail traders and investors, institutional traders, proprietary trading groups, liquidity providers, CTAs and CPOs.

The Exchange has commitments from several well-capitalized liquidity providers to post competitive, two-sided quotes during the trading day in all Exchange products. The depth and liquidity of the United States Light Sweet Crude Oil Futures allows Participants to estimate the value of the Contract so they are able to hedge and offset risk exposure.

To best serve its Participants, the Exchange displays and matches all orders through a Central Limit Order Book. Transactions are algorithmically matched on a time-price priority basis using a first-in, first-out, FIFO, methodology.

The use case for the Contract is twofold:

- First, it meets the demands of individual investors, retail traders, CTAs and CPOs for an oil futures product that reflects one of the largest components of the oil marketplace for hedging and risk mitigation, short-term investment opportunities, and long-term passive investment. The Contract is a way for individual Participants to gain exposure to one of the most actively traded oils and simultaneously diversify against overall oil risk.

- Second, the small notional value of the Contract means individual traders with smaller accounts can diversify their portfolios with an asset class that is under-represented in the traditional portfolio construction of equities, bonds, and cash. Rather than using exchange traded funds ("ETFs"), the Contract is a capital-efficient way to add oil exposure to a portfolio. While the Contracts are appealing to the growing retail segment of futures markets, they can also benefit advisors of separately managed accounts wishing to employ specific futures strategies.

The Exchange certifies that listing the Contract complies with the Act including all regulations thereunder. The Exchange is not aware of any consequential opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at www.smallexchange.com. Should you have any questions concerning the above, please contact the undersigned at (312) 761-1660.

Sincerely,

/s/ Peter Santori
Chief Regulatory Officer

Attachments

Appendix A: Small Exchange Rulebook Chapter 37
Appendix B: Applicable Position Limits and Reportable Position Levels
Appendix C: Applicable Non-Reviewable Trading Ranges
Appendix D: Pertinent Special Price Fluctuation Limits
Appendix E: Settlement Day, Value, and Process
Appendix F: Exchange Fees
Appendix G: Historical Data

Appendix A: Small Exchange Rulebook Chapter 37

Small US Crude Oil Futures Contracts

37001. Scope of Chapter

This chapter is limited in application to Small US Crude Oil Futures Contracts ("Contract" or "Contracts"). The provisions of these rules shall apply to all Contracts bought or sold on the Exchange for cash settlement. Unless otherwise indicated, the procedures for trading, clearing and cash settlement of Contracts and any other matters not specifically covered herein including, without limitation, the definitions of terms, shall be governed by the Rules of the Exchange.

37002. Contract Specifications

The Small US Crude Oil Futures Contract is a cash-settled future whose underlying is a United States-referenced blend of several streams of domestic light sweet crude oil having an API Gravity between 38° and 43°, and a Sulfur content of less than 0.42%.

37003. Trading Specifications

The number of months open for trading at a given time shall be determined by the Exchange.

37003.A. Trading Schedule

The hours of trading for this Contract shall be determined by the Exchange.

37003.B. Trading Unit

The trading unit is equal to $100 times the current Contract price.

37003.C. Price Increments

Stated in decimals, to two decimal points in U.S. dollars and cents. Prices will be available during all trading hours. Tick sizes are 0.01 equal to $1.00 per Contract.

37003.D. Price Limits

The Exchange uses intraday and daily price limits to ensure its markets work in an efficient and orderly manner during large, unexpected movements and increased volatility. The Exchange employs two intraday limits of 9% and 13% and a daily limit of 20% all using the Contract's previous day's settlement value, as described below:

- Once an intraday price limit is reached, the following actions take place over the next three (3) minutes:
  - The market enters a "paused" state for one (1) minute, with no order matching or trades occurring. Only order cancellations are allowed. New and replace orders are rejected by the Trading System.

    - During the second minute, the market enters the "pre-open" state, where no orders match and no Trades occur, but orders on opposite sides of the market may cross. Limit, Stop and Stop-Limit order types are accepted with a time in force of Good Till Cancelled ("GTC") or Day. Orders can also be canceled or replaced. Market, Fill or Kill ("FOK") and Immediate or Cancel ("IOC") orders are rejected by the Trading System.
    - In the third minute, the market enters a "pre-open no cancel" state, where no orders match and no Trades occur, but orders on opposite sides of the market may cross. Limit, Stop and Stop-Limit order types are accepted with a time in force of GTC or Day. Cancel and replace requests will not be accepted. Market, FOK and IOC orders are rejected by the Trading System.
    - At the end of the third minute, the market enters an "open" state, with regular price-time priority matching in effect, and all supported orders are accepted. Upon reopening, the Exchange does not calculate or disseminate an opening print.
        - Once the market enters an "open" state after an intraday limit of 9% has been reached on the up (down) side, all Contracts will be subject, for the remainder of the Business Day, only to an intraday limit of 13% and a daily limit of 20% on the up (down) side all using the Contract's previous day's Daily Settlement.
        - Once the market enters an "open" state after an intraday limit of 13% has been reached on the up (down) side, all Contracts will be subject, for the remainder of the Business Day, only to a daily limit of 20% on the up (down) side all using the Contract's previous day's Daily Settlement.
    - In the event that an intraday price limit is reached within three (3) minutes of the Exchange's market close time, the Exchange shall not reopen. The Exchange will publish a daily settlement value or a final settlement value on the Contact's day of expiration, as appropriate, using the process set forth in Exchange Rules 904 and 37004, as appropriate, and the intraday price limit pause time as the Exchange's market close time for the purposes of such process.
- The market cannot trade at prices 20% above or below the Contract's previous day's settlement value. This is a pre-order validation that prevents the acceptance of orders at such prices in such circumstances.

37003.E. Position Limits, Exemptions, Accountability Levels and Reportable Levels
Position limits for the Contracts are 5,000 Contracts five business days prior to expiration.

There are no exemptions.

Position accountability levels for the Contracts are 10,000.

Reportable levels for the Contract are 350.

Position limits, accountability levels and reportable levels are set forth in Exchange Rule 522, "Position Limits, Accountability Levels and Reportable Levels". Refer to Rule 522 for requirements concerning position limits, accountability levels and reportable levels.

37003.F. Settlement Timing and Termination of Trading

Contracts are cash settled in U.S. dollars on the second Friday of the month ("Final Settlement Day"). If the second Friday is a market holiday, the Final Settlement Day will be the first business day prior to the Friday holiday. Expiration will occur the same business day as the cash settlement of the Contract. Trading ceases on the trading day before the Contract's Final Settlement Day at 13:30:00 CT. The expiring Contract will not trade on the Final Settlement Day. New Contracts will begin trading the trading day following the Final Settlement Day.

37004. Settlement, Value and Process

37004.A. Daily Settlement of the Front Month

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 last traded price for such day and, if that is not available, then the previous day's Daily Settlement will be used to determine the Daily Settlement for such Contracts.

37004.B. Daily Settlement of the Back Month

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 trading day, the daily settlement value for such back month Contract will be the front month Daily Settlement value for such product plus the previous day's front month Daily Settlement minus the back month spread value.

37004.C. Final Settlement

Contracts are cash-settled in U.S. dollars on the second Friday of the month. On the day of expiration, the Exchange determines the final settlement price of the Contract by using the equivalent front month price of the corresponding United States-referenced blend of several streams of domestic light sweet crude oil Future contract from the trading day prior, as made public by NYMEX (CL) and as published in the national print press.*

Clearing Members holding open positions in an expiring Contract at its termination of trading shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures based on such expiring Contract's Final Settlement Value.

37004.D. Conflict with Exchange Rule 904

If there is any conflict between this Chapter and Exchange Rule 904, with respect to application of Exchange Rule 904 to the trading, clearing and cash settlement of Contracts, this Chapter shall govern.

37005. Disclaimer

NEITHER THE SMALL EXCHANGE, INC. AND/OR ITS AFFILIATES GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE CONTRACT OR ANY OF THE DATA INCLUDED THEREIN.

THE SMALL EXCHANGE, INC. AND/OR ITS AFFILIATES MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF THE CONTRACT, TRADING BASED ON THE CONTRACT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACTS, OR, FOR ANY OTHER USE. THE SMALL EXCHANGE, INC. AND/OR ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE CONTRACT OR ANY DATA INCLUDED THEREIN, WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE SMALL EXCHANGE, INC. AND/OR ITS AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

*NYMEX is a registered trademark and CL is a ticker symbol of New York Mercantile Exchange, Inc. and/or its affiliates. Reference is made to them here only to describe the source of the final settlement.

Appendix B: Applicable Position Limits and Reportable Position Levels

Instrument Name	Small US Crude Oil Futures Contracts
Symbol	SMO
Rulebook Chapter	37
Contract Size	100 x current price
Type	Future
Settlement	Cash
Large Trader Reporting Level	350
Position Accountability Level	10,000
Expiring Month Position Accountability Level Five Business Days Prior to Expiration	5,000

Appendix C: Applicable Non-Reviewable Trading Ranges

Instrument Name	Symbol	Non-Reviewable Trading Range: Ticks
Small US Crude Oil Futures Contracts	SMO	25 ticks from last trade

Appendix D: Pertinent Special Price Fluctuation Limits

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Level 1	Level 2	Level 3
Small US Crude Oil Futures Contracts	37	SMO	Primary	Primary	9%	13%	20%

Appendix E: Settlement Day, Value, and Process

Redacted

Appendix F: Exchange Fees

Non-Subscriber

Exchange Fee	$0.15 per contract

Individual Subscription Holders (Initial Lifetime Subscription Offer)

Exchange Fee	$0.07 per contract (1/2 off rack rate $0.15)

Market Maker

Exchange Fee	$0.05 per contract

Appendix G: Historical Data

Redacted