

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 38

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2021 - \* 08

Amendment No. (req. for Amendments \*) 1

Filing by Long-Term Stock Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pilot	Extension of Time Period for Commission Action *	Date Expires *	Rule		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) \*

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Section 806(e)(2) \*

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Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) \*

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Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

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### Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

### Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name *	Nawreen	Last Name *	Sattar
Title *	Deputy Chief Regulatory Officer and Associate General Counsel		
E-mail *	<input type="text"/>		
Telephone *	<input type="text"/>	Fax	<input type="text"/>

### Signature

Pursuant to the requirements of the Securities Exchange of 1934, Long-Term Stock Exchange, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 03/09/2022

(Title \*)

By Gary Goldsholle

(Name \*)

Chief Regulatory Officer and General Counsel

LTSE

Digitally signed by LTSE  
Date: 2022.03.09  
16:51:51 -05'00'

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

**Form 19b-4 Information \***

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Part 1 (19b-4) Amendment 1 Rule 14.1

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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Part 2 (Exhibit 1) Amendment 1 Rule

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

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Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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Part 3 (Exhibit 5) Amendment 1 Rule 1

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Long-Term Stock Exchange, Inc. (“LTSE” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to modify and expand the package of products and services provided to listed Companies under LTSE Rule 14.602 and clarify existing practice under Rule 14.602 with respect to providing Company-specific web pages on the Exchange’s website in connection with listing on the Exchange.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to action by unanimous written consent of the Board of the Exchange dated November 5, 2021. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Nawreen Sattar  
Deputy Chief Regulatory Officer and Associate General Counsel  
Long-Term Stock Exchange, Inc.  
(646) 430-0578

3. Self-Regulatory Organization's Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange is filing this amendment to SR-LTSE-2021-08<sup>3</sup> in order to (i) remove provisions related to an optional credit for certain services utilized by Companies prior to listing on the Exchange, (ii) establish timelines for Companies (whether newly or currently listed Companies) to exercise their option to request and commence receiving certain complimentary services offered by the Exchange, (iii) clarify the basis for offering of such services to currently listed Companies, and (iv) make minor technical changes to improve the clarity of this proposal. This amendment supersedes and replaces the Initial Proposal in its entirety.

LTSE offers complimentary promotional services and listing ceremonies under Rule 14.602 in connection with a Company's approval for listing on the Exchange. The promotional services are tailored to meet the needs of the Company, and allow the Company access to media services that would support the creation of press releases, articles, videos, and podcasts featuring

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<sup>3</sup> See Securities Exchange Act Release No. 93787 (December 15, 2021), 86 FR 72296 (December 21, 2021) (the "Initial Proposal").

the Company and its personnel.<sup>4</sup> These promotional services also include assistance with distributing such content on traditional and social media platforms, including websites operated by the Exchange.<sup>5</sup> The Exchange also proposes to amend Rule 14.602 to clarify existing practice with respect to providing Company-specific web pages on the Exchange's website in connection with listing on the Exchange.

Under existing Rule 14.602, the Exchange also offers each Company a complimentary listing ceremony to commemorate its listing on the Exchange. A full suite of these promotional services and listing ceremonies are developed through the Exchange's affiliate company, LTSE Services, Inc. ("LTSE Services")<sup>6</sup> and offered to each Company approved to list on the Exchange. Some Companies may choose to avail themselves of all such services, whereas others may choose only a subset of services or none.

Since Rule 14.602 was approved, two Companies have listed on LTSE.<sup>7</sup> Based on LTSE's

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<sup>4</sup> See Securities Exchange Act Release No. 91054 (February 3, 2021), 86 FR 8812 (February 9, 2021) (SR-LTSE-2020-22) (regarding provision of promotional services and listing ceremonies for listed companies).

<sup>5</sup> Id. at 8812. Placing promotional content on the Exchange's website was explicitly contemplated by the SR-LTSE-2020-22 filing. Generally, such promotional services appear to be commonly provided by other listing exchanges. See, e.g., The NYSE Listed Company Network, New York Stock Exchange LLC, available at <https://www.nyse.com/network> (last visited March 3, 2022) (featuring blog posts and videos about listed companies on NYSE).

<sup>6</sup> As noted in the order approving LTSE as a national securities exchange, LTSE maintains a commercial relationship with LTSE Services to leverage the company's technological expertise to support the Exchange's software needs. See In the Matter of the Application of Long Term Stock Exchange, Inc.; for Registration as a National Securities Exchange; Findings, Opinion, and Order of the Commission, Securities Exchange Act Release No. 85828 (May 10, 2019), 84 FR 21841, 21842 (May 15, 2019). LTSE Services also provides communications and marketing services to the Exchange.

<sup>7</sup> See "The Long-Term Stock Exchange Announces First Listing Commitments," (June 24, 2021) available at: <https://ltse.com/articles/asana-twilio-to-list-pr>.

experience with offering the services discussed above under Rule 14.602, in response to the need for continued services to the listed Companies, and to support the retained listing of these listed companies in light of the overall competitive landscape, LTSE proposes to offer additional products and services consistent with LTSE's objective of promoting long-term value creation for companies and their investors.<sup>8</sup> Certain of these products and services are being offered to listed Companies on a continual basis as long as they remain listed on LTSE, while others are time-limited, being offered on a complimentary basis for a predetermined period, as further described below. All such products and services are optional for listed Companies. The proposed rule change would amend LTSE Rule 14.602 to include the following additional products and services:

**(1) Ongoing Promotional Services**

As noted above, LTSE currently offers certain complimentary promotional services to listed Companies in connection with listing on the Exchange. Specifically, LTSE provides each

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<sup>8</sup> The products and services in the proposed rule change would be comparable to provisions in the Nasdaq Stock Market LLC ("Nasdaq") Listing Rule IM-5900-7 and the New York Stock Exchange ("NYSE") Listed Company Manual Section 907 (Products and Services Available to Issuers). For example, under listings rule IM-5900-7 Nasdaq offers certain listed companies investor relations websites and market analytic tools. Similarly, NYSE also offers market analytics and web hosting related services under the NYSE Listed Company Manual Section 907. LTSE's proposed Company-specific web page updates are also geared towards supporting engagement between Companies and investors. LTSE's proposed capital market reports are Company-specific market analytic reports based on LTSE Services' proprietary data analytics and insights. Furthermore, similar to this proposal, under NYSE Listed Company Manual Section 907 complimentary services are offered to currently listed companies termed as "Eligible Current Listings" based on certain criteria, in addition to new listings and transfers. For LTSE, under the proposed rule change, all listed Companies are eligible to receive the complimentary services within the timeframes specified below; the Exchange does not propose to differentiate among listed Companies based on the number of shares outstanding, market capitalization, or any other metric.

listed Company with a dedicated section on the Exchange’s website featuring information about the Company, including publicly available data and links to each Company’s long-term policies.<sup>9</sup> The proposed rule change would clarify the inclusion of such Company-specific web pages as part of the Exchange’s offerings in connection with listing on the Exchange and offer these services on an ongoing basis to listed Companies at no charge, in a manner generally consistent with what was done at the time of initial listing. This ongoing offering would ensure that information remains current and relevant, by providing updated Company-specific news, developments and content. As is the case with the current promotional services, all updates to Company-specific web pages on the Exchange’s website will be managed by LTSE Services, subject to review and approval by the Exchange and the listed Company. These services have a retail value of approximately \$5,000 per year.<sup>10</sup>

## **(2) Capital Markets Reports**

The Exchange has arranged for LTSE Services to provide each listed Company with complimentary capital markets reports. The capital markets reports will be issued periodically, at a minimum one report and at most four reports each calendar year, and will provide tailored investor and capital markets insights and analytics which are relevant to each listed Company and its market sector. Specifically, the capital markets reports will include a summary evaluation of the Company’s current institutional investor base, providing specific metrics analyzing the Environmental, Social and Governance (“ESG”) profile of each underlying institutional investor.

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<sup>9</sup> See “Meet the Companies Listed on the Long-Term Stock Exchange,” available at: <https://ltse.com/companies> (last visited March 3, 2022). This content was initially posted to the Exchange’s website in connection with dually listing two companies on the Exchange on August 26, 2021.

<sup>10</sup> This retail value is based on market rate estimates by LTSE Services.

Each report will highlight investor behavior and provide insights on their likely strategic priorities so that Companies can better understand their current status. The annual subscription to capital markets reports has a retail value of approximately \$5,000 per year on a flat fee basis, regardless of the number of reports issued.<sup>11</sup>

### **(3) Capital Market Solutions**

The Exchange has arranged for LTSE Services to provide each listed Company with up to one year of complimentary Capital Market Solutions (“CM Solutions”). The CM Solutions has two components: (i) an Investor Alignment Solution, and (ii) the Long-Term Investor Platform (“LTIP”). The Investor Alignment Solution provides Companies with detailed institutional investor analytics and insights into investor behavior to enable them to evaluate the behaviors of select investors and provide them with a deeper understanding of the ESG landscape and their positioning. For each receiving Company, LTSE Services analyzes the ESG profile of institutional investors in order to understand and identify relevant sources of capital to aid the Company in honing and achieving strategic priorities. A highly-experienced, multi-disciplinary team is deployed to support this long-term governance and capital markets strategy. The Exchange believes that the Investor Alignment Solution furthers the Exchange’s goal of

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<sup>11</sup> This retail value is based on market rate estimates by LTSE Services.



facilitating long-term focus and value creation for companies and investors.<sup>12</sup> The Investor Alignment Solution has a retail value of approximately \$150,000 per year.<sup>13</sup>

The LTIP is a software platform that assists listed Companies in their efforts to identify and support those shareholders whose investments in the Company have a long-term horizon and focus. LTSE believes that Companies and their long-term investors may mutually benefit when the investors are registered shareholders with the ownership of shares listed on the records maintained by the issuer or its transfer agent. Being a registered shareholder provides a direct relationship with the issuer and facilitates the solicitation of proxies, and the recording of proxy votes by removing the intermediation provided by (i) DTC's nominee, Cede & Co., and (ii) the DTC participant which owns a pro rata interest in the "fungible bulk" of securities held at DTC.<sup>14</sup> LTSE believes that a direct relationship between a Company and its investors fosters alignment towards long-term success. Additionally, shares registered on the records of the issuer or its transfer agent are not eligible for stock loan to support short sales because the broker is no longer the registered owner of the shares and thus it is unable to lend them to facilitate short selling.

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<sup>12</sup> LTSE Rule 14.425(a) requires Companies to adopt and publish the following policies: a Long-Term Stakeholder Policy; a Long-Term Strategy Policy; a Long-Term Compensation Policy; a Long-Term Board Policy; and a Long-Term Investor Policy (collectively, the "Policies"). Each of the Policies must be consistent with the set of principles articulated in LTSE Rule 14.425(b) (collectively, the "Principles"). These Policies and Principles are a key differentiator for the Exchange.

<sup>13</sup> This retail value reflects LTSE Services' current price list.

<sup>14</sup> See Concept Release on the U.S. Proxy System, 75 FR 42981, at 42986 (proposed July 22, 2010) for a discussion of the differences in the proxy system between registered owners and beneficial owners.

Furthermore, such direct registration also avoids the fees paid by Companies to broker-dealers for the distribution of their proxy materials to beneficial owners.<sup>15</sup>

The primary means by which shareholders become registered owners is through the Direct Registration System (“DRS”) operated by DTC.<sup>16</sup> In particular, LTSE Rule 14.208 (Direct Registration Program) requires that all securities listed on the Exchange (except securities which are book-entry only, or certain foreign issuers) must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act.<sup>17</sup>

The LTIP is a platform that provides listed Companies with a means to upload and effectively manage and utilize their registered shareholder data received from their transfer agent. For example, the LTIP allows Companies to more easily track, analyze and utilize registered shareholder data in support of their investor relations, strategic initiatives, board

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<sup>15</sup> Id. at 42995 (“One of the most persistent concerns that has been expressed to the Commission’s staff, particularly by issuers, involves the structure and size of fees charged for the distribution of proxy materials to beneficial owners”). See also, Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers, Securities Exchange Act Release No. 93169 (September 29, 2021), 86 FR 57478, 57503 (proposed December 14, 2021), (noting the importance of transparency in the proxy voting process for investors, issuers, analysts and proxy advisory firms and aligning incentives of corporate executives and investors).

<sup>16</sup> Registered owners can hold their securities either in certificated form or in uncertificated form (i.e., book entry) form, such as uncertificated securities held through the DRS. See Transfer Agent Regulations, Securities Exchange Act Release No. 76743 (December 22, 2015), 80 FR 81947, 81957 (proposed 12/31/2015).

<sup>17</sup> DTCC is the only registered clearing agency offering a Direct Registration Program. See Securities Transactions Settlement, Securities Exchange Act Release No. 49405 (March 11, 2004), 69 FR 12921, 12932 (proposed March 18, 2004) (“The culmination of these efforts is the establishment of the Direct Registration System (“DRS”), which is operated by DTC”).

review and governance functions.<sup>18</sup> Additionally, as part of the LTIP, LTSE Services will assist Companies with methods of outreach to and education of existing or potential investors regarding the process for becoming a registered shareholder, including the need for an investor to work with their broker-dealer to complete a submission to the DRS Profile System maintained by the DTC.<sup>19</sup> The LTIP Solution has a retail value of approximately \$150,000 per year if purchased on an individual basis.<sup>20</sup>

Newly and currently listed Companies will have the option to receive CM Solutions on a complimentary basis for a continuous one-year term. If a newly listed Company wishes to receive the complimentary CM Solutions, it will be required to request and commence receiving the CM Solutions within 90 days of its initial listing date. Similarly, if a currently listed Company wishes to receive the complimentary CM Solutions upon the effectiveness of this proposed rule change, it will be required to request and commence receiving the CM Solutions within 90 days of the effectiveness of this proposed rule change. The start date for the continuous complimentary one-year period for both newly and currently listed Companies will begin on the date of first use by Companies.<sup>21</sup> The Exchange believes that this 90-day opt-in

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<sup>18</sup> The registered shareholder information in LTIP is proprietary to the Company and viewable only by the Company and its authorized agents.

<sup>19</sup> Any outreach to existing or potential investors is entirely at the discretion of the Company and will be conducted exclusively by the Company; no personnel from LTSE Services or LTSE will have any role in communicating with investors on behalf of the Company. The LTIP also will, based on customer demand, provide a means for the Company to communicate with registered shareholders who choose to participate on the Company's LTIP account.

<sup>20</sup> This retail value reflects LTSE Services' current price list.

<sup>21</sup> Other exchanges also limit the timeframe within which complimentary services must be utilized. See NYSE Listed Company Manual Section 907 and Nasdaq IM-5900-7, each limiting

period for both newly and currently listed Companies offers them sufficient flexibility and autonomy in requesting and commencing receiving these services and will better serve their needs. If a Company ceases to be listed on the Exchange, the complimentary services will end as of the date of de-listing, even if less than a one-year period has elapsed. Companies may elect to receive either the Investor Alignment Solution, the LTIP or both during this complimentary one-year period. However, these services cannot be utilized during separate one-year periods on a complimentary basis.

The Exchange believes that offering the capital markets reports, CM Solutions and ongoing promotional services, as described above, will serve as meaningful tools for supporting long-term value creation for listed Companies and their investors. Companies are not required to use these services as a condition of listing and they may choose not to avail themselves of any of these services or a subset of such services. At the end of the one-year complimentary period for CM Solutions, Companies may choose to renew these services on a contractual basis with LTSE Services and pay for them in regular course, or discontinue them. The capital markets reports and ongoing promotional services can be discontinued at the Company's discretion at any time. If a listed Company chooses to discontinue any of these services, there would be no effect on the Company's continued listing on the Exchange. LTSE notes that no listed Company will be required to pay higher fees as a result of the proposed amendments and represents that providing the proposed services will have no impact on the resources available for its regulatory programs. LTSE also represents that no confidential trading or regulatory information generated or received

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the timeframe to 30 days from initial listing or other triggering events for companies starting the utilization of such services.

by the Exchange will be shared with LTSE Services or leveraged for the provision of its products and services.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>22</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act,<sup>23</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among the Exchange's members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>24</sup> in that it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that it is fair and reasonable to offer products and services to companies. The Exchange believes that the existing U.S. exchange listing market for operating companies is essentially a duopoly with the vast majority of operating companies listed on U.S. securities exchanges listing on the New York Stock Exchange ("NYSE") or Nasdaq Stock Market LLC ("Nasdaq"). The Exchange faces competition from NYSE and Nasdaq as a new entrant into the exchange listing market as both offer complimentary services to newly and currently listed companies in order to attract and retain listings.<sup>25</sup> Similarly, the Exchange

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<sup>22</sup> 15 U.S.C. 78f.

<sup>23</sup> 15 U.S.C. 78f(b)(4).

<sup>24</sup> 15 U.S.C. 78f(b)(5).

<sup>25</sup> See, Securities Exchange Act Release No. 90955 (January 19, 2021), 86 FR 7155, 7157 (January 26, 2021) (noting that "Nasdaq faces competition in the market for listing services, and competes, in part, by offering valuable services to companies. Nasdaq believes that it is reasonable to offer complimentary services to attract and retain listings as part of this competition"). See also, Securities Exchange Act Release No. 93865 (December 23, 2021), 86

believes that offering such products and services to newly and currently listed Companies would enhance the value proposition for listing, allow the Exchange to more effectively attract companies to list on the Exchange and retain its current listings. Given the competitive landscape to both attract new listed Companies and retain existing listed Companies, LTSE believes it is important to offer complimentary services to both categories of listed Companies: newly listed Companies and existing listed Companies. The Exchange also believes that to the extent the Exchange's listing program is successful, it will provide a competitive alternative, which will thereby benefit companies and investors, and remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with the protection of investors and the public interest. Other exchanges also acknowledge the competition in the market for listing services and they compete, in part, by offering products and services to companies. Like other exchanges, LTSE also believes that it is fair and reasonable to offer complimentary services to attract new listings and retain current listings as part of this competition.<sup>26</sup> LTSE believes offering the proposed capital markets reports and CM Solutions promote just and equitable principles of trade and protects investors and the public interest by enhancing current and newly listed companies' engagement with shareholders for the purpose of long-term value creation. These services are also a reflection of the Exchange's differentiated listing standards, which are explicitly designed to promote long-term focus and value creation,<sup>27</sup>

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FR 74115, 74118 (December 29, 2021) (noting that, "The NYSE faces competition in the market for listing services, and competes, in part, by offering valuable services to companies. The Exchange believes that it is reasonable to offer complimentary services to attract and retain listings as part of this competition.").

<sup>26</sup> Id.

<sup>27</sup> See Policies and Principles noted in LTSE Rule 14.425.

and are central to LTSE's mission of reducing short-termism in the capital markets.<sup>28</sup>

Additionally, LTSE is not differentiating the complimentary services offered among listed Companies based on the number of shares outstanding or market capitalization; these complimentary services are made available to all listed Companies.

Similarly, LTSE believes that offering Company-specific web pages and updates to such pages on an ongoing basis, as described above, to listed Companies promotes just and equitable principles of trade and protects investors and the public interest by providing a supplementary outlet for information regarding Company developments to stakeholders. In addition, the proposed rule change clarifies existing practices, under which the Exchange provides Company-specific web pages to listed Companies, to remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with the protection of investors and the public interest by removing any ambiguity regarding the scope of the existing rule.

The Exchange believes that its proposed rule change is fair and not unfairly discriminatory because the products and services will be offered equally and on the same terms and conditions to all listed Companies. Thus, all listed Companies will be provided the same one-year complimentary CM Solutions to be utilized at their discretion, provided such complimentary services are requested and commenced within the 90-day period noted above, as applicable to newly or currently listed Companies. Similarly, the Exchange will offer Company-specific web pages and updates to such pages on an ongoing basis to all listed

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<sup>28</sup> See Securities Exchange Act Release No. 86722 (August 21, 2019), 84 FR 44953 (August 27, 2019) (order approving proposed rule change to adopt LTSE Rule 14.425).

Companies on the same terms and conditions. The scope of products and services provided by the Exchange ultimately will depend on which products and services the Company selects insofar as these are optional for each Company.

LTSE represents, and this proposed rule change will help ensure, that individual listed Companies are not given specially negotiated packages of products or services to list, or remain listed, which the Commission has previously stated would raise unfair discrimination issues under the Exchange Act.<sup>29</sup>

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, and as discussed in the Statutory Basis section, LTSE believes that the proposed rule change will enhance competition by facilitating LTSE's listing program which will allow the Exchange to provide companies with another listing option, thereby promoting intermarket competition between exchanges in furtherance of the principles of Section 11A(a)(1) of the Act<sup>30</sup> in that it is designed to promote fair competition between exchange markets by offering a new listing market to compete with Nasdaq and NYSE. As noted above, LTSE faces competition in the market for listing services, and aims to compete by offering valuable services to listed Companies. The proposed rule change reflects that competition, but does not impose any burden on the competition with other exchanges. Other exchanges can also offer similar services to

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<sup>29</sup> See Securities Exchange Act Release No. 79366, 81 FR 85663, 85665 (November 21, 2016) (citing Securities Exchange Act Release No. 65127 (August 12, 2011), 76 FR 51449, 51452 (August 18, 2011) (approving NYSE-2011-20)).

<sup>30</sup> 15 U.S.C. 78k-1(a)(1).



companies,<sup>31</sup> thereby increasing competition to the benefit of those companies and their stakeholders. Moreover, as a dual listing venue, LTSE expects to face competition from existing exchanges because companies have a choice to list their securities solely on a primary listing venue. Consequently, the degree to which LTSE's products and services could impose any burden on intermarket competition is extremely limited, and LTSE does not believe that such offerings would impose any burden on competing venues that is not necessary or appropriate in furtherance of the purposes of the Act.

LTSE also does not believe that the proposed rule change will result in any burden on intramarket competition since LTSE will offer the products and services on the same terms and conditions to all current and newly listed Companies. All listed Companies will be eligible to receive Capital Market Reports, Company-specific web pages on the Exchange's website that will be periodically updated. All listed Companies will also have the option to receive the same one-year complimentary CM Solutions, provided such services are requested and commenced within the 90-day period noted above, as applicable to newly or currently listed Companies. Consequently, LTSE does not believe that the proposal will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

In addition, the proposed rule change clarifies existing practices, under which the Exchange provides Company-specific web pages to listed Companies, merely explaining how the rule already operates and thus not imposing any burden on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

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<sup>31</sup> See Nasdaq Listing Rule IM-5900-7 and NYSE Listed Company Manual Section 907.

6. Extension of Time Period for Commission Action

LTSE does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.<sup>32</sup>

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

LTSE requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act<sup>33</sup> to allow LTSE to offer the products and services, described above, to currently and newly listed Companies, which LTSE believes is consistent with the protection of investors and the public interest. LTSE believes that this Amendment No. 1 is substantially similar to the Initial Proposal, which was subject to notice and comment, and raises no new issues inconsistent with the protection of investors and the public interest. The Exchange is filing this amendment in order to (i) remove provisions related to an optional credit for certain services utilized by Companies prior to listing on the Exchange, (ii) establish timelines for Companies (whether newly or currently listed Companies) to exercise their option to request and commence receiving certain complimentary services offered by the Exchange, (iii) clarify the basis for offering of such services to currently listed Companies, and (iv) make minor technical changes to improve the clarity of this proposal.

8. Proposed Rule Change Based on the Rules of Another Self-Regulatory Organization or of the Commission

Proposed LTSE Rule 14.602 corresponds to provisions in Nasdaq Listing Rule IM-5900-7 and NYSE Listed Company Manual Section 907.

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<sup>32</sup> 15 U.S.C. 78s(b)(2).

<sup>33</sup> 15 U.S.C. 78s(b)(2).

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of the proposed rule change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-LTSE-2021-08]

[Date]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Modify and Expand the Package of Products and Services Provided to Companies and Clarify Existing Practice under Rule 14.602

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Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March [X], 2022, Long-Term Stock Exchange, Inc. (“LTSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to modify and expand the package of products and services provided to Companies under LTSE Rule 14.602 and clarify existing practice under Rule 14.602 with respect to providing Company-specific web pages on the Exchange’s website in connection with listing on the Exchange.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

The text of the proposed rule change is available at the Exchange's website at <https://longtermstockexchange.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is filing this amendment to SR-LTSE-2021-08<sup>3</sup> in order to (i) remove provisions related to an optional credit for certain services utilized by Companies prior to listing on the Exchange, (ii) establish timelines for Companies (whether newly or currently listed Companies) to exercise their option to request and commence receiving certain complimentary services offered by the Exchange, (iii) clarify the basis for offering of such services to currently listed Companies, and (iv) make minor technical changes to improve the clarity of this proposal. This amendment supersedes and replaces the Initial Proposal in its entirety.

LTSE offers complimentary promotional services and listing ceremonies under Rule

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<sup>3</sup> See Securities Exchange Act Release No. 93787 (December 15, 2021), 86 FR 72296 (December 21, 2021) (the "Initial Proposal").

14.602 in connection with a Company's approval for listing on the Exchange. The promotional services are tailored to meet the needs of the Company, and allow the Company access to media services that would support the creation of press releases, articles, videos, and podcasts featuring the Company and its personnel.<sup>4</sup> These promotional services also include assistance with distributing such content on traditional and social media platforms, including websites operated by the Exchange.<sup>5</sup> The Exchange also proposes to amend Rule 14.602 to clarify existing practice with respect to providing Company-specific web pages on the Exchange's website in connection with listing on the Exchange.

Under existing Rule 14.602, the Exchange also offers each Company a complimentary listing ceremony to commemorate its listing on the Exchange. A full suite of these promotional services and listing ceremonies are developed through the Exchange's affiliate company, LTSE Services, Inc. ("LTSE Services")<sup>6</sup> and offered to each Company approved to list on the Exchange. Some Companies may choose to avail themselves of all such services, whereas others

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<sup>4</sup> See Securities Exchange Act Release No. 91054 (February 3, 2021), 86 FR 8812 (February 9, 2021) (SR-LTSE-2020-22) (regarding provision of promotional services and listing ceremonies for listed companies).

<sup>5</sup> Id. at 8812. Placing promotional content on the Exchange's website was explicitly contemplated by the SR-LTSE-2020-22 filing. Generally, such promotional services appear to be commonly provided by other listing exchanges. See, e.g., The NYSE Listed Company Network, New York Stock Exchange LLC, available at <https://www.nyse.com/network> (last visited March 3, 2022) (featuring blog posts and videos about listed companies on NYSE).

<sup>6</sup> As noted in the order approving LTSE as a national securities exchange, LTSE maintains a commercial relationship with LTSE Services to leverage the company's technological expertise to support the Exchange's software needs. See In the Matter of the Application of Long Term Stock Exchange, Inc.; for Registration as a National Securities Exchange; Findings, Opinion, and Order of the Commission, Securities Exchange Act Release No. 85828 (May 10, 2019), 84 FR 21841, 21842 (May 15, 2019). LTSE Services also provides communications and marketing services to the Exchange.

may choose only a subset of services or none.

Since Rule 14.602 was approved, two Companies have listed on LTSE.<sup>7</sup> Based on LTSE's experience with offering the services discussed above under Rule 14.602, in response to the need for continued services to the listed Companies, and to support the retained listing of these listed companies in light of the overall competitive landscape, LTSE proposes to offer additional products and services consistent with LTSE's objective of promoting long-term value creation for companies and their investors.<sup>8</sup> Certain of these products and services are being offered to listed Companies on a continual basis as long as they remain listed on LTSE, while others are time-limited, being offered on a complimentary basis for a predetermined period, as further described below. All such products and services are optional for listed Companies. The proposed rule change would amend LTSE Rule 14.602 to include the following additional products and services:

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<sup>7</sup> See "The Long-Term Stock Exchange Announces First Listing Commitments," (June 24, 2021) available at: <https://ltse.com/articles/asana-twilio-to-list-pr>.

<sup>8</sup> The products and services in the proposed rule change would be comparable to provisions in the Nasdaq Stock Market LLC ("Nasdaq") Listing Rule IM-5900-7 and the New York Stock Exchange ("NYSE") Listed Company Manual Section 907 (Products and Services Available to Issuers). For example, under listings rule IM-5900-7 Nasdaq offers certain listed companies investor relations websites and market analytic tools. Similarly, NYSE also offers market analytics and web hosting related services under the NYSE Listed Company Manual Section 907. LTSE's proposed Company-specific web page updates are also geared towards supporting engagement between Companies and investors. LTSE's proposed capital market reports are Company-specific market analytic reports based on LTSE Services' proprietary data analytics and insights. Furthermore, similar to this proposal, under NYSE Listed Company Manual Section 907 complimentary services are offered to currently listed companies termed as "Eligible Current Listings" based on certain criteria, in addition to new listings and transfers. For LTSE, under the proposed rule change, all listed Companies are eligible to receive the complimentary services within the timeframes specified below; the Exchange does not propose to differentiate among listed Companies based on the number of shares outstanding, market capitalization, or any other metric.

**(1) Ongoing Promotional Services**

As noted above, LTSE currently offers certain complimentary promotional services to listed Companies in connection with listing on the Exchange. Specifically, LTSE provides each listed Company with a dedicated section on the Exchange's website featuring information about the Company, including publicly available data and links to each Company's long-term policies.<sup>9</sup> The proposed rule change would clarify the inclusion of such Company-specific web pages as part of the Exchange's offerings in connection with listing on the Exchange and offer these services on an ongoing basis to listed Companies at no charge, in a manner generally consistent with what was done at the time of initial listing. This ongoing offering would ensure that information remains current and relevant, by providing updated Company-specific news, developments and content. As is the case with the current promotional services, all updates to Company-specific web pages on the Exchange's website will be managed by LTSE Services, subject to review and approval by the Exchange and the listed Company. These services have a retail value of approximately \$5,000 per year.<sup>10</sup>

**(2) Capital Markets Reports**

The Exchange has arranged for LTSE Services to provide each listed Company with complimentary capital markets reports. The capital markets reports will be issued periodically, at a minimum one report and at most four reports each calendar year, and will provide tailored investor and capital markets insights and analytics which are relevant to each listed Company

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<sup>9</sup> See "Meet the Companies Listed on the Long-Term Stock Exchange," available at: <https://ltse.com/companies> (last visited March 3, 2022). This content was initially posted to the Exchange's website in connection with dually listing two companies on the Exchange on August 26, 2021.

<sup>10</sup> This retail value is based on market rate estimates by LTSE Services.



and its market sector. Specifically, the capital markets reports will include a summary evaluation of the Company's current institutional investor base, providing specific metrics analyzing the Environmental, Social and Governance ("ESG") profile of each underlying institutional investor. Each report will highlight investor behavior and provide insights on their likely strategic priorities so that Companies can better understand their current status. The annual subscription to capital markets reports has a retail value of approximately \$5,000 per year on a flat fee basis, regardless of the number of reports issued.<sup>11</sup>

### **(3) Capital Market Solutions**

The Exchange has arranged for LTSE Services to provide each listed Company with up to one year of complimentary Capital Market Solutions ("CM Solutions"). The CM Solutions has two components: (i) an Investor Alignment Solution, and (ii) the Long-Term Investor Platform ("LTIP"). The Investor Alignment Solution provides Companies with detailed institutional investor analytics and insights into investor behavior to enable them to evaluate the behaviors of select investors and provide them with a deeper understanding of the ESG landscape and their positioning. For each receiving Company, LTSE Services analyzes the ESG profile of institutional investors in order to understand and identify relevant sources of capital to aid the Company in honing and achieving strategic priorities. A highly-experienced, multi-disciplinary team is deployed to support this long-term governance and capital markets strategy. The Exchange believes that the Investor Alignment Solution furthers the Exchange's goal of

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<sup>11</sup> This retail value is based on market rate estimates by LTSE Services.

facilitating long-term focus and value creation for companies and investors.<sup>12</sup> The Investor Alignment Solution has a retail value of approximately \$150,000 per year.<sup>13</sup>

The LTIP is a software platform that assists listed Companies in their efforts to identify and support those shareholders whose investments in the Company have a long-term horizon and focus. LTSE believes that Companies and their long-term investors may mutually benefit when the investors are registered shareholders with the ownership of shares listed on the records maintained by the issuer or its transfer agent. Being a registered shareholder provides a direct relationship with the issuer and facilitates the solicitation of proxies, and the recording of proxy votes by removing the intermediation provided by (i) DTC's nominee, Cede & Co., and (ii) the DTC participant which owns a pro rata interest in the "fungible bulk" of securities held at DTC.<sup>14</sup> LTSE believes that a direct relationship between a Company and its investors fosters alignment towards long-term success. Additionally, shares registered on the records of the issuer or its transfer agent are not eligible for stock loan to support short sales because the broker is no longer the registered owner of the shares and thus it is unable to lend them to facilitate short selling.

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<sup>12</sup> LTSE Rule 14.425(a) requires Companies to adopt and publish the following policies: a Long-Term Stakeholder Policy; a Long-Term Strategy Policy; a Long-Term Compensation Policy; a Long-Term Board Policy; and a Long-Term Investor Policy (collectively, the "Policies"). Each of the Policies must be consistent with the set of principles articulated in LTSE Rule 14.425(b) (collectively, the "Principles"). These Policies and Principles are a key differentiator for the Exchange.

<sup>13</sup> This retail value reflects LTSE Services' current price list.

<sup>14</sup> See Concept Release on the U.S. Proxy System, 75 FR 42981, at 42986 (proposed July 22, 2010) for a discussion of the differences in the proxy system between registered owners and beneficial owners.

Furthermore, such direct registration also avoids the fees paid by Companies to broker-dealers for the distribution of their proxy materials to beneficial owners.<sup>15</sup>

The primary means by which shareholders become registered owners is through the Direct Registration System (“DRS”) operated by DTC.<sup>16</sup> In particular, LTSE Rule 14.208 (Direct Registration Program) requires that all securities listed on the Exchange (except securities which are book-entry only, or certain foreign issuers) must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act.<sup>17</sup>

The LTIP is a platform that provides listed Companies with a means to upload and effectively manage and utilize their registered shareholder data received from their transfer agent. For example, the LTIP allows Companies to more easily track, analyze and utilize registered shareholder data in support of their investor relations, strategic initiatives, board

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<sup>15</sup> Id. at 42995 (“One of the most persistent concerns that has been expressed to the Commission’s staff, particularly by issuers, involves the structure and size of fees charged for the distribution of proxy materials to beneficial owners”). See also, Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers, Securities Exchange Act Release No. 93169 (September 29, 2021), 86 FR 57478, 57503 (proposed December 14, 2021), (noting the importance of transparency in the proxy voting process for investors, issuers, analysts and proxy advisory firms and aligning incentives of corporate executives and investors).

<sup>16</sup> Registered owners can hold their securities either in certificated form or in uncertificated form (i.e., book entry) form, such as uncertificated securities held through the DRS. See Transfer Agent Regulations, Securities Exchange Act Release No. 76743 (December 22, 2015), 80 FR 81947, 81957 (proposed 12/31/2015).

<sup>17</sup> DTCC is the only registered clearing agency offering a Direct Registration Program. See Securities Transactions Settlement, Securities Exchange Act Release No. 49405 (March 11, 2004), 69 FR 12921, 12932 (proposed March 18, 2004) (“The culmination of these efforts is the establishment of the Direct Registration System (“DRS”), which is operated by DTC”).

review and governance functions.<sup>18</sup> Additionally, as part of the LTIP, LTSE Services will assist Companies with methods of outreach to and education of existing or potential investors regarding the process for becoming a registered shareholder, including the need for an investor to work with their broker-dealer to complete a submission to the DRS Profile System maintained by the DTC.<sup>19</sup> The LTIP Solution has a retail value of approximately \$150,000 per year if purchased on an individual basis.<sup>20</sup>

Newly and currently listed Companies will have the option to receive CM Solutions on a complimentary basis for a continuous one-year term. If a newly listed Company wishes to receive the complimentary CM Solutions, it will be required to request and commence receiving the CM Solutions within 90 days of its initial listing date. Similarly, if a currently listed Company wishes to receive the complimentary CM Solutions upon the effectiveness of this proposed rule change, it will be required to request and commence receiving the CM Solutions within 90 days of the effectiveness of this proposed rule change. The start date for the continuous complimentary one-year period for both newly and currently listed Companies will begin on the date of first use by Companies.<sup>21</sup> The Exchange believes that this 90-day opt-in

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<sup>18</sup> The registered shareholder information in LTIP is proprietary to the Company and viewable only by the Company and its authorized agents.

<sup>19</sup> Any outreach to existing or potential investors is entirely at the discretion of the Company and will be conducted exclusively by the Company; no personnel from LTSE Services or LTSE will have any role in communicating with investors on behalf of the Company. The LTIP also will, based on customer demand, provide a means for the Company to communicate with registered shareholders who choose to participate on the Company's LTIP account.

<sup>20</sup> This retail value reflects LTSE Services' current price list.

<sup>21</sup> Other exchanges also limit the timeframe within which complimentary services must be utilized. See NYSE Listed Company Manual Section 907 and Nasdaq IM-5900-7, each limiting

period for both newly and currently listed Companies offers them sufficient flexibility and autonomy in requesting and commencing receiving these services and will better serve their needs. If a Company ceases to be listed on the Exchange, the complimentary services will end as of the date of de-listing, even if less than a one-year period has elapsed. Companies may elect to receive either the Investor Alignment Solution, the LTIP or both during this complimentary one-year period. However, these services cannot be utilized during separate one-year periods on a complimentary basis.

The Exchange believes that offering the capital markets reports, CM Solutions and ongoing promotional services, as described above, will serve as meaningful tools for supporting long-term value creation for listed Companies and their investors. Companies are not required to use these services as a condition of listing and they may choose not to avail themselves of any of these services or a subset of such services. At the end of the one-year complimentary period for CM Solutions, Companies may choose to renew these services on a contractual basis with LTSE Services and pay for them in regular course, or discontinue them. The capital markets reports and ongoing promotional services can be discontinued at the Company's discretion at any time. If a listed Company chooses to discontinue any of these services, there would be no effect on the Company's continued listing on the Exchange. LTSE notes that no listed Company will be required to pay higher fees as a result of the proposed amendments and represents that providing the proposed services will have no impact on the resources available for its regulatory programs. LTSE also represents that no confidential trading or regulatory information generated or received

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the timeframe to 30 days from initial listing or other triggering events for companies starting the utilization of such services.

by the Exchange will be shared with LTSE Services or leveraged for the provision of its products and services.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>22</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act,<sup>23</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among the Exchange's members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>24</sup> in that it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that it is fair and reasonable to offer products and services to companies. The Exchange believes that the existing U.S. exchange listing market for operating companies is essentially a duopoly with the vast majority of operating companies listed on U.S. securities exchanges listing on the New York Stock Exchange ("NYSE") or Nasdaq Stock Market LLC ("Nasdaq"). The Exchange faces competition from NYSE and Nasdaq as a new entrant into the exchange listing market as both offer complimentary services to newly and currently listed companies in order to attract and retain listings.<sup>25</sup> Similarly, the Exchange

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<sup>22</sup> 15 U.S.C. 78f.

<sup>23</sup> 15 U.S.C. 78f(b)(4).

<sup>24</sup> 15 U.S.C. 78f(b)(5).

<sup>25</sup> See, Securities Exchange Act Release No. 90955 (January 19, 2021), 86 FR 7155, 7157 (January 26, 2021) (noting that "Nasdaq faces competition in the market for listing services, and competes, in part, by offering valuable services to companies. Nasdaq believes that it is reasonable to offer complimentary services to attract and retain listings as part of this competition"). See also, Securities Exchange Act Release No. 93865 (December 23, 2021), 86

believes that offering such products and services to newly and currently listed Companies would enhance the value proposition for listing, allow the Exchange to more effectively attract companies to list on the Exchange and retain its current listings. Given the competitive landscape to both attract new listed Companies and retain existing listed Companies, LTSE believes it is important to offer complimentary services to both categories of listed Companies: newly listed Companies and existing listed Companies. The Exchange also believes that to the extent the Exchange's listing program is successful, it will provide a competitive alternative, which will thereby benefit companies and investors, and remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with the protection of investors and the public interest. Other exchanges also acknowledge the competition in the market for listing services and they compete, in part, by offering products and services to companies. Like other exchanges, LTSE also believes that it is fair and reasonable to offer complimentary services to attract new listings and retain current listings as part of this competition.<sup>26</sup> LTSE believes offering the proposed capital markets reports and CM Solutions promote just and equitable principles of trade and protects investors and the public interest by enhancing current and newly listed companies' engagement with shareholders for the purpose of long-term value creation. These services are also a reflection of the Exchange's differentiated listing standards, which are explicitly designed to promote long-term focus and value creation,<sup>27</sup>

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FR 74115, 74118 (December 29, 2021) (noting that, "The NYSE faces competition in the market for listing services, and competes, in part, by offering valuable services to companies. The Exchange believes that it is reasonable to offer complimentary services to attract and retain listings as part of this competition.").

<sup>26</sup> Id.

<sup>27</sup> See Policies and Principles noted in LTSE Rule 14.425.

and are central to LTSE's mission of reducing short-termism in the capital markets.<sup>28</sup>

Additionally, LTSE is not differentiating the complimentary services offered among listed Companies based on the number of shares outstanding or market capitalization; these complimentary services are made available to all listed Companies.

Similarly, LTSE believes that offering Company-specific web pages and updates to such pages on an ongoing basis, as described above, to listed Companies promotes just and equitable principles of trade and protects investors and the public interest by providing a supplementary outlet for information regarding Company developments to stakeholders. In addition, the proposed rule change clarifies existing practices, under which the Exchange provides Company-specific web pages to listed Companies, to remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with the protection of investors and the public interest by removing any ambiguity regarding the scope of the existing rule.

The Exchange believes that its proposed rule change is fair and not unfairly discriminatory because the products and services will be offered equally and on the same terms and conditions to all listed Companies. Thus, all listed Companies will be provided the same one-year complimentary CM Solutions to be utilized at their discretion, provided such complimentary services are requested and commenced within the 90-day period noted above, as applicable to newly or currently listed Companies. Similarly, the Exchange will offer Company-specific web pages and updates to such pages on an ongoing basis to all listed

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<sup>28</sup> See Securities Exchange Act Release No. 86722 (August 21, 2019), 84 FR 44953 (August 27, 2019) (order approving proposed rule change to adopt LTSE Rule 14.425).



Companies on the same terms and conditions. The scope of products and services provided by the Exchange ultimately will depend on which products and services the Company selects insofar as these are optional for each Company.

LTSE represents, and this proposed rule change will help ensure, that individual listed Companies are not given specially negotiated packages of products or services to list, or remain listed, which the Commission has previously stated would raise unfair discrimination issues under the Exchange Act.<sup>29</sup>

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, and as discussed in the Statutory Basis section, LTSE believes that the proposed rule change will enhance competition by facilitating LTSE's listing program which will allow the Exchange to provide companies with another listing option, thereby promoting intermarket competition between exchanges in furtherance of the principles of Section 11A(a)(1) of the Act<sup>30</sup> in that it is designed to promote fair competition between exchange markets by offering a new listing market to compete with Nasdaq and NYSE. As noted above, LTSE faces competition in the market for listing services, and aims to compete by offering valuable services to listed Companies. The proposed rule change reflects that competition, but does not impose any burden on the competition with other exchanges. Other exchanges can also offer similar services to

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<sup>29</sup> See Securities Exchange Act Release No. 79366, 81 FR 85663, 85665 (November 21, 2016) (citing Securities Exchange Act Release No. 65127 (August 12, 2011), 76 FR 51449, 51452 (August 18, 2011) (approving NYSE-2011-20)).

<sup>30</sup> 15 U.S.C. 78k-1(a)(1).

companies,<sup>31</sup> thereby increasing competition to the benefit of those companies and their stakeholders. Moreover, as a dual listing venue, LTSE expects to face competition from existing exchanges because companies have a choice to list their securities solely on a primary listing venue. Consequently, the degree to which LTSE's products and services could impose any burden on intermarket competition is extremely limited, and LTSE does not believe that such offerings would impose any burden on competing venues that is not necessary or appropriate in furtherance of the purposes of the Act.

LTSE also does not believe that the proposed rule change will result in any burden on intramarket competition since LTSE will offer the products and services on the same terms and conditions to all current and newly listed Companies. All listed Companies will be eligible to receive Capital Market Reports, Company-specific web pages on the Exchange's website that will be periodically updated. All listed Companies will also have the option to receive the same one-year complimentary CM Solutions, provided such services are requested and commenced within the 90-day period noted above, as applicable to newly or currently listed Companies. Consequently, LTSE does not believe that the proposal will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

In addition, the proposed rule change clarifies existing practices, under which the Exchange provides Company-specific web pages to listed Companies, merely explaining how the rule already operates and thus not imposing any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

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<sup>31</sup> See Nasdaq Listing Rule IM-5900-7 and NYSE Listed Company Manual Section 907.

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);  
or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-LTSE-2021-08 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-LTSE-2021-08. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of LTSE and on its Internet website at <https://longtermstockexchange.com/>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-LTSE-2021-08 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

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<sup>32</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5 – TEXT OF PROPOSED RULE CHANGE

Proposed new language is underlined; proposed deletions are [bracketed]

**LONG-TERM STOCK EXCHANGE RULE BOOK**

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**RULE SERIES 14.600. LISTED COMPANY FEES****Rule 14.601. Initial Listing Fees and Annual Listing Fees**

\* \* \*

**Rule 14.602. Products and Services Offered to Companies [Promotional Services and Listing Ceremonies for Listed Companies]**

The Exchange offers certain complimentary products and services and access to third-party products and services to Companies.

(a) Services offered in connection with listing: In connection with a Company's approval for listing, the Exchange offers promotional services (including Company-specific web pages on the Exchange's website, press releases, articles, videos, and podcasts) and invites the Company to participate in listing ceremonies.

(b) Ongoing products and services: The Exchange also provides the following complimentary services on an ongoing basis to currently and newly listed Companies through its affiliate, LTSE Services, Inc., as discussed below: (i) periodic Capital Markets Reports that provide tailored investor and capital markets as well as sector-specific insights and analytics for each listed Company (with a retail value of approximately \$5,000 per year); (ii) periodic updates to listed Company-specific web pages on the Exchange's website on an ongoing basis (with a retail value of approximately \$5,000 per year); (iii) Capital Markets Solutions, which consists of both (a) the Investor Alignment Solution focused on Environmental, Social and Governance ("ESG") analysis and strategy to help identify and access long-term and ESG performance-focused investors (with a retail value of approximately \$150,000 per year); and (b) the Long-Term Investor Platform, a software platform providing shareholder intelligence and utilization for long-term growth (with a retail value of approximately \$150,000 per year). The following Companies will be able to utilize the products and services as discussed above:

(1) Capital Markets Reports and Company-Specific Web Page Updates

The Exchange offers all currently and newly listed Companies complimentary periodic Capital Markets Reports and Company-specific web page updates on the Exchange's website on a continual basis.

(2) Capital Markets Solutions

- (a) Within 90 days of listing on LTSE, a newly listed Company has the option to request and commence receiving the Capital Markets Solutions on a complimentary basis for a one-year term. The complimentary one-year term will begin from the date of first use of Capital Markets Solutions by the newly listed Company subject to the 90-day period noted above.
- (b) Within 90 days of the effectiveness of this rule, a currently listed Company has the option to request and commence receiving the Capital Markets Solutions on a complimentary basis for a one-year term. The complimentary one-year term will begin from the date of first use of Capital Markets Solutions by the currently listed Company subject to the 90-day period noted above.

Each currently and newly listed Company may elect whether or not to receive the products and services discussed above[or whether or not to participate in any listing ceremonies].

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