

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103298; File No. SR-LTSE-2025-10]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the LTSE Fee Schedule June 23, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 10, 2025, Long-Term Stock Exchange, Inc. (“LTSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the LTSE Fee Schedule. Specifically, the Exchange proposes to lower the rebates applicable to transactions in securities priced at or above \$1.00 per share that add displayed liquidity that establish or match the national best bid or offer (“NBBO”) on the Exchange and to lower the take fee when removing non-displayed liquidity, effective as of June 10, 2025.

¹ 15 U.S.C. 78s(b)(1).

² 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 of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange 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 of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to make changes to the LTSE Fee Schedule. Specifically, the Exchange proposes to lower the rebates applicable to transactions in securities priced at or above \$1.00 per share that add displayed liquidity that establish or match the national best bid or offer ("NBBO") on the Exchange and to lower the take fee when removing non-displayed liquidity, effective as of June 10, 2025.

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange will be only one of numerous equities venues to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently

has more than approximately 15% of total market share.³ Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow and the Exchange currently represents a small percentage of the overall market.

The Exchange has put in place a fee structure for all transactions executed on the Exchange that is meant to incentivize adding both displayed and non-displayed liquidity on the Exchange in order to encourage and facilitate price discovery and price formation.⁴ Under this fee structure, the Exchange is operating a “Maker-Taker” model whereby it provides rebates to Members that provide liquidity and charges fees to those that remove liquidity. The Exchange notes that it does not assess volume-based fees or rebates. Accordingly, all fees and rebates described below are applicable to all Members, regardless of the overall volume of a Member’s trading activities on the Exchange. The Exchange now proposes to lower the rebate for securities priced at or above \$1.00 per share that add displayed liquidity on the Exchange that establish or match the NBBO and to lower the take fee when removing non-displayed liquidity.

The Exchange seeks to incentivize interaction with hidden liquidity, and the fee schedule as amended would continue to incentivize the submission of additional displayed liquidity to the Exchange, thereby promoting price discovery and price formation, which the Exchange believes will benefit all Members and investors by driving liquidity to the Exchange as a whole.

³ Market share percentage calculated as of April 30, 2025, with data made available through consolidated data feeds (i.e., Consolidated Tape System (CTS) and Unlisted Trading Privilege (UTP) data feeds).

⁴ See Securities Exchange Act Release No. 101226 (October 1, 2024), 89 FR 81587 (October 8, 2024) (SR-LTSE-2024-06). See also Securities Exchange Act Release No. 102571 (March 11, 2025), 90 FR 12372 (March 17, 2025) (SR-LTSE-2025-03).

Rebate for adding Displayed Liquidity that Matches the National Best Bid or Offer (“NBBO”)

Currently, for executions of Add Displayed Liquidity that establish a new best bid or offer on the Exchange that matches the NBBO first established on an away market (“NBBO Joiner”), the Exchange offers a rebate of \$0.0033 per share.⁵ The Exchange proposes to lower this rebate to \$0.0023 per share.

Rebate for adding Displayed Liquidity that Establishes the NBBO

Currently, for executions of Add Displayed Liquidity that establish the NBBO (“NBBO Setter”) on LTSE, the Exchange offers a rebate of \$0.0033 per share.⁶ The Exchange proposes to lower this rebate to \$0.0023 per share.

Standard Fee for Removing Liquidity

Currently, the Exchange charges a fee of \$0.0030 per share for executions of orders that remove liquidity from the LTSE Order Book⁷ (“Remove Liquidity”) in securities priced at or above \$1.00 per share or 0.30% of the total dollar value (“TDV”) for securities priced under \$1.00.⁸

The Exchange proposes to reduce the fee charged for executions against non-displayed liquidity resting on the LTSE Order Book. Specifically, the Exchange proposes to lower the take fee for removing non-displayed liquidity from \$0.0030 to \$0.0020. This change is intended to

⁵ The pricing is referred to by the Exchange as “Add displayed liquidity - NBBO Joiner” in the LTSE Fee Schedule.

⁶ The pricing is referred to by the Exchange as “Add displayed liquidity - NBBO Setter” in the LTSE Fee Schedule.

⁷ “LTSE Order Book” means the System’s electronic file of orders. See Exchange Rule 1.160(t). The “System” shall mean the electronic communications and trading facility designated by the Board through which securities orders of Members are consolidated for ranking and execution. See Exchange Rule 1.160(rr).

⁸ This pricing is referred to as “Remove liquidity” on the proposed Fee Schedule.

encourage increased interaction with non-displayed orders by reducing the cost to access such liquidity.

Non-displayed orders serve an important function in U.S. equities markets, particularly for institutional trading strategies that seek to minimize market impact. By reducing the take fee for non-displayed executions, the Exchange aims to incentivize additional market participants to engage with hidden liquidity, thereby increasing overall execution volume and improving order interaction and market efficiency.

In order to effect this change, the Exchange proposes to add the term “displayed” to the previous description of “Remove Liquidity” as that charge remains unchanged (“Remove Displayed Liquidity”). Further, the Exchange proposes to add a row on the LTSE Fee Schedule to reflect this proposed lower take fee for removing non-displayed liquidity (“Remove Non-Displayed Liquidity”).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,⁹ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁰ in particular. The proposed rule change is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers.

As discussed above, the Exchange operates in a highly fragmented and competitive market and the Exchange represents only a small percentage of the overall market and

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(4) and (5).

participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient, and the Exchange represents only a small percentage of the overall market. The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and also recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹¹

The Exchange believes that the ever-shifting market share among the exchanges from month-to-month demonstrates that market participants can shift order flow or discontinue flow to reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange’s transaction fees and rebates, including with respect to transactions in securities at or above a dollar, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. The Exchange also believes that the proposed rule change reflects a reasonable and competitive pricing structure designed to incentivize market participants to direct order flow to the Exchange, which would enhance market quality to the benefit of all Members and investors. The Exchange notes that the proposal does not include different fees or rebates for transactions depending on the amount of orders submitted to, and/or transactions executed on or through, the Exchange. Accordingly, the proposed pricing structure

¹¹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

is applicable to all Members, regardless of the overall volume of a Member's trading activities on the Exchange.

Further, the Exchange believes that the proposed rebate of \$0.0023 per share for all securities at or above \$1.00 that Add Displayed Liquidity and join or set the NBBO is reasonable because it would continue to incentivize Members to add displayed liquidity to the Exchange. The Exchange notes that at least two other exchanges provide rebates for adding displayed liquidity transactions in securities at or above \$1.00 in the range of the proposed rebate.¹²

Moreover, the Exchange believes that providing a higher rebate for adding displayed liquidity that matches or establishes the NBBO is reasonable, equitable and not unfairly discriminatory as these rebates are designed to encourage the submission of orders that enhance price discovery and potentially lower bid-ask spreads, thereby contributing to deeper and more robust liquidity on the Exchange to the benefit of all Members and market participants. Further, the rebates are equitably allocated and not unfairly discriminatory as they apply equally to all Members.

The Exchange believes that it is reasonable and equitable to establish separate fees for removing displayed and non-displayed liquidity. Displayed and non-displayed orders serve different functions in the market and interact with liquidity in different ways. Displayed liquidity contributes to the visible quote and encourages price competition among market participants, while non-displayed liquidity typically resides deeper in the order book and may

¹² For example, the Cboe BZX Fee Schedule reflects a standard rebate for adding displayed liquidity of \$0.0016 for executions in securities priced at or above \$1.00. Further, various tiers provide the ability of a firm to receive a rebate of \$0.0032 per share, see https://www.cboe.com/us/equities/membership/fee_schedule/bzx/. The MEMX Fee Schedule reflects rebates for "adding" displayed volume that range from \$0.0015 to \$0.0034 for shares executed at or above \$1.00 (excluding tier-based rebates), see <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>.

reflect longer-term trading strategies or institutional interest. By differentiating fees based on the type of liquidity being accessed, the Exchange is better able to align its fee structure with the distinct characteristics and market impacts of displayed and non-displayed liquidity.

The Exchange further believes that a lower fee for removing non-displayed liquidity is reasonable, equitable and not unfairly discriminatory. Reducing the cost burden on participants accessing non-displayed liquidity may enhance execution opportunities and promote greater order interaction. This, in turn, could improve market quality by facilitating more efficient matching of buyers and sellers and supporting the price discovery process. The proposed fee reduction is designed to incentivize market participants to access non-displayed liquidity more actively, thereby contributing to a more robust and dynamic trading environment.

The proposal is not unfairly discriminatory, as the lower fee would apply uniformly to all market participants accessing non-displayed liquidity, regardless of the type of participant or the size of the order. Additionally, the lower fee is reasonable because it would encourage increased interaction with non-displayed orders by reducing the cost to access such liquidity. The Exchange notes that at least one other exchange charges a lower fee for removing non-displayed liquidity than removing displayed liquidity, additionally the proposed fee differential between removing non-displayed liquidity and removing displayed liquidity is less than the fee differential between these two fees at the competing exchange.¹³ Lastly, the proposed fees for removing non-displayed liquidity and displayed liquidity is within the range charged by other exchanges.¹⁴

¹³ For executions at or above \$1,00, the IEX Fee Schedule reflects a fee for removing displayed liquidity between \$0.0022 and \$0.0030, and a fee for removing non-displayed liquidity of \$0.0010, [see https://www.iexexchange.io/resources/trading/fee-schedule](https://www.iexexchange.io/resources/trading/fee-schedule).

¹⁴ For example, the Nasdaq Fee Schedule reflects a “free” take fee for retail orders of shares executed below 8 million shares in the month or above 8 million if adding at least 3 million shares ADV of designated retail

In conclusion, the Exchange submits that its proposed fee structure satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act for the reasons discussed above in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed fees and rebates described herein are appropriate to address such forces.

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. Instead, as discussed above, the Exchange believes that the proposed change would encourage the continued submission of displayed orders in securities at or above \$1.00 to the Exchange, thereby promoting market depth, enhanced execution opportunities, as well as price discovery and transparency for all Members. Additionally, the Exchange believes that the proposed lower take fee would increase interaction with hidden liquidity, thereby contributing to a more robust and dynamic trading environment for all market participants. Furthermore, the Exchange believes that the proposed changes would allow the Exchange to continue to compete with other execution venues by providing competitive pricing for these securities, thereby making it a desirable destination venue for its customers. As a result, the Exchange believes that the

add volume during the month. Otherwise, a take fee of \$0.0025 applies for shares executed in excess of 8 million shares in the month that remove liquidity on Nasdaq or execute on other protected Reg NMS venues, excluding taker-maker venues, see <https://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. The NYSE American has a \$0.0010 fee for Mid-point Passive Liquidity ("MPL") retail orders removing liquidity, and a \$0.0025 standard take fee for Tier 1 transactions in securities at or above \$1.00, see https://www.nyse.com/publicdocs/nyse/markets/nyse-american/NYSE_America_Equities_Price_List.pdf.

proposed change furthers the Commission’s goal in adopting Regulation NMS of fostering competition among orders, which promotes “more efficient pricing of individual stocks for all types of orders, large and small.”¹⁵

Intramarket Competition

The Exchange believes that the proposed changes would continue to incentivize market participants to direct order flow to the Exchange. Greater liquidity benefits all Members by providing more trading opportunities and encourages Members to send orders to the Exchange, thereby contributing to robust levels of liquidity, which benefits all Members. The proposed rebates would be available to all market participants, and, as such, the proposed change would not impose a disparate burden on competition among market participants on the Exchange. Additionally, the Exchange believes the proposed lower take fee will not impose a burden on competition as lowering the cost burden for accessing non-displayed liquidity enhances execution opportunities and promotes greater order interaction, resulting in improved market quality for all market participants. As such, the Exchange believes the proposed changes would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intermarket Competition

The Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and direct their order flow to, including 15 other equities exchanges and numerous alternative trading systems and other off-exchange venues. As noted above, no single registered equities exchange currently has more than approximately 15% of the total market share of executed volume of equities trading. Thus, in such a low

¹⁵ See *supra* note 11.

concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow.

Moreover, the Exchange believes that the ever-shifting market share among the exchanges from month-to-month demonstrates that market participants can shift order flow or discontinue flow to reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates and market participants therefore can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. As described above, the proposed changes are competitive proposals through which the Exchange is seeking to encourage certain order flow to be sent to the Exchange.

Additionally, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."¹⁶

The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. SEC*, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take

¹⁶ See *id.*

its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”¹⁷ Accordingly, the Exchange does not believe its proposed changes imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

This proposed rule change establishes dues, fees or other charges among its members and, as such, may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁸ and paragraph (f)(2) of Rule 19b-4 thereunder.¹⁹ Accordingly, the proposed rule change would take effect upon filing with the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹⁷ NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSE-2006-21)[sic]).

¹⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹ 17 CFR 240.19b-4(f)(2).

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-LTSE-2025-10 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-LTSE-2025-10. This file number should be included on the subject line if email 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 (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office

of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-LTSE-2025-10 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Sherry R. Haywood,

Assistant Secretary.

²⁰ 17 CFR 200.30-3(a)(12).