

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-95460; File No. SR-LTSE-2022-04)

August 9, 2022

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to a Temporary Reduction in the Annual Listing Fee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 27, 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

LTSE proposes a rule change to: (i) amend the Annual Listing Fee applicable for Companies renewing their listing for calendar year 2023, and (ii) make a minor clarifying change to the Initial Listing Fee provisions.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 proposed rule change to amend Rule 14.601 to reduce the Annual Listing Fee for any listed Company³ renewing its listing for calendar year 2023 by 40 percent in light of the recent market dislocation. The Initial Listing Fees would remain at their current levels.⁴

a. Annual Listing Fee

Upon listing its Primary Equity Securities on LTSE, a Company is assessed an Initial Listing Fee in accordance with LTSE Rule 14.601(a)(1). The amount of the Initial Listing Fee is set forth in the fee schedule in LTSE Rule 14.601(a)(3) and is based on the market capitalization of the Company when it lists on the Exchange.⁵

For each subsequent year that a Company remains listed on the Exchange, it is assessed an Annual Listing Fee. The Annual Listing Fee for a Company's Primary Equity Securities also is based on the Company's market capitalization. Specifically, the Annual Listing Fee for an

³ Capitalized terms shall have the meaning provided in the LTSE Rule Book. See e.g., LTSE Rule 14.002(a)(8) [sic] (definition of "Company").

⁴ A Company that lists on the Exchange is assessed an Initial Listing Fee at the time it lists, which covers the period from date of listing until the end of the calendar year. The Annual Listing Fee is assessed on a Company for remaining listed on the Exchange in a subsequent year.

⁵ The Initial Listing Fee is prorated based on the number of trading days in the year remaining at the time of a Company's initial listing. See LTSE Rule 14.601(a)(1)(iv).

upcoming calendar year is calculated on December 1 (or such date of listing if after December 1), and is based on the company's Form 10-Q and Form 10-K filings over the prior four fiscal quarters. Thus, the Annual Listing Fee is calculated from filings covering the fourth quarter of the prior calendar year and the first three quarters of the current calendar year. Where a Company does not have Form 10-Q and Form 10-K filings for the prior four fiscal quarters, its Annual Listing Fee is calculated in the same manner as its Initial Listing Fee (but not at the prorated level).⁶ The Annual Listing Fee is not refunded if a company is delisted or elects to delist during the calendar year.⁷

In light of the recent market dislocation as discussed below, LTSE is reducing its Annual Listing Fee by 40 percent for any listed Company renewing its listing for calendar year 2023. This fee reduction will apply only to a Company that will be assessed an Annual Listing Fee in 2022 for purposes of remaining listed on LTSE for calendar year 2023.⁸ The 40 percent reduction applies only to the Annual Listing Fee; the Initial Listing Fee remains unchanged. Additionally, the reduction in the Annual Listing Fee pursuant to the proposed rule change is applicable only for an Annual Listing Fee assessed in 2022 for purposes of remaining listed on LTSE for calendar year 2023.

To better reflect the temporary divergence in the Initial Listing Fee and Annual Listing Fee, LTSE is creating two separate fee schedules.⁹

⁶ LTSE Rule 14.601(a)(2)(i).

⁷ LTSE Rule 14.601(a)(2)(ii).

⁸ Likewise, all Companies who will be assessed an Annual Listing Fee in December 2023 for remaining listed on the Exchange in 2024 will do so in accordance with the same fee schedule. This is a one time reduction and does not carry forward to listed Companies in subsequent years.

⁹ See Rule 14.602(a)(3)(i) covering the Initial Listing Fee, and Rule 14.602(a)(3)(ii) covering the Annual Listing Fee.

The Exchange believes that it is reasonable and appropriate to temporarily reduce the Annual Listing Fee in light of the recent significant market dislocation. The broad-based market dislocation in the first half of 2022 has led stocks to some of their largest declines in many decades.¹⁰ Although these market-wide dislocations are in many cases unrelated to the long-term fundamentals of a company, their impact to Companies in the short-term is real. The Exchange is designed to support Companies in realizing their success over the long-term, and the temporary reduction in the Annual Listing Fee recognizes the pressures created by current market conditions.¹¹ Additionally, inasmuch as the market for listings is highly competitive, the Exchange believes that a temporary reduction in Annual Listing Fees is appropriate to signal its commitment to those Companies that have listed on the Exchange or long-term focused Companies that may do so later this year under the current macroeconomic climate.

The Exchange does not believe that the proposed temporary reduction in its Annual Listing Fee will have any adverse impact on the amount of funds available for its regulatory program.

b. Initial Listing Fee

In addition, the proposed rule change would make a minor clarifying change to paragraph (a)(1)(iv) to provide that the reference to prorating the Initial Listing Fee is based on the number of remaining trading days after listing on the Exchange in that calendar year. Since the Initial

¹⁰ Akuna Otani, Markets Post Worst First Half of a Year in Over Five Decades, Wall Street Journal (June 30, 2022). <https://www.wsj.com/articles/markets-head-toward-worst-start-to-a-year-in-decades-11656551051>

¹¹ See, e.g., Martin Alvarez, The Canary in the Capital Markets' Coal Mine: Protecting Long-Term Strategy, Medium (May 16, 2022) https://medium.com/@martin_46598/the-canary-in-the-capital-markets-coal-mine-protecting-long-term-strategy-62c5044bcdc7; Martin Alvarez, Fasten your Seatbelts: The Fed and the Art of Economic Cycle Maintenance, Medium (June 27, 2022) https://medium.com/@martin_46598/fasten-your-seatbelts-the-fed-and-the-art-of-economic-cycle-maintenance-ff669b8781b3

Listing Fee covers only the calendar year in which a Company initially lists on the Exchange, the phrase “remaining trading days after listing on the Exchange” was always intended to refer to the number of remaining trading days in the calendar year of listing; the proposed rule change now makes that explicit.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of Section 6(b) of the Act¹² in general, and furthers the objectives of Section 6(b)(4) of the Act¹³ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers, and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act¹⁴ because it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes that the temporary reduction of the Annual Listing Fee for remaining listed on the Exchange for calendar year 2023 represents an equitable allocation of charges among issuers and is non unfairly discriminatory in that it applies a consistent 40% fee reduction to the Annual Listing Fee for all Companies listed on the Exchange, or any company

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(4).

¹⁴ 15 U.S.C. 78f(b)(5).

that becomes listed on the Exchange in 2022, which will then be assessed an Annual Listing Fee in 2022 to remain listed in calendar year 2023. LTSE further believes that the proposed rule change is reasonable and appropriate in view of the highly competitive market for listings and the disruptions faced by Companies as a result of the recent market dislocation. The benefits to a Company, its shareholders and stakeholders from pursuing long-term value creation were discussed extensively in the background and rationale for LTSE's Long-Term Policies.¹⁵ While LTSE believes that the current environment reinforces the importance for a Company to demonstrate its commitment to long-termism and the Long-Term Policies set forth in Rule 14.425, the Exchange believes that a temporary reduction in the Annual Listing Fee is reasonable and appropriate in the current environment where companies have resource constraints.¹⁶ As noted above, the proposed rule change applies the reduction to the Annual Listing Fee to all Companies who will be charged such fee to remain listed on the Exchange in 2023.

Additionally, the Exchange operates in a highly competitive market for the listing of Primary Equity Securities. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. A temporary reduction in Annual Listing Fee contributes to the competitive marketplace. The Exchange believes therefore that the proposed rule change supports an open market and the national market system, and is consistent with the public interest.

¹⁵ See Securities Exchange Act Release No. 86327 (July 8, 2019), 84 FR 33293 (July 12, 2019).

¹⁶ The Exchange considered, but ultimately decided against, proposing a similar, temporary reduction in the Initial Listing Fees. Because any Company that lists on LTSE this year would receive the benefit of the reduced Annual Listing Fee for remaining listed on the Exchange in 2023, it was decided that amending the Initial Listing Fees, which are also already prorated, was unnecessary.

Finally, the Exchange believes that the proposed clarifying text regarding the Initial Listing Fees is consistent with Section 6(b)(5) of the Act in that it merely clarifies the meaning of an existing rule, with further clarity being in the public interest.

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

LTSE 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. The proposed rule change would establish a temporary reduction in the Annual Listing Fee.

The market for listing services is highly competitive. Each listing exchange has established a fee schedule that applies to issuers seeking to list securities, or keep their securities listed, on its exchange. Issuers have the option to list their securities on these alternative venues based on the fees charged and the value provided by each listing. Because issuers have a choice to list their securities on a different national securities exchange, the Exchange does not believe that the proposed rule change imposes a burden on competition.

Intramarket Competition. The proposed rule change would establish a temporarily-reduced Annual Listing Fee that will be charged to all Companies listed on LTSE on the same basis. The Exchange does not believe that the proposed temporary fee change will have any meaningful effect on the competition among issuers listed on the Exchange. Again, the reduced Annual Listing Fee is available for all Companies that are listed on LTSE in calendar year 2022 for purposes of remaining listed for calendar year 2023.

Intermarket Competition. The Exchange operates in a highly competitive market in which issuers can readily choose to list securities on other exchanges and transfer listings to other exchanges if they deem fee levels at those other venues to be more favorable. Consequently, the Exchange does not believe the proposed rule change will impose any burden

on intermarket competition in a manner that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange also notes that other listing venues adjust their fees from time to time.¹⁷

C. 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.

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

The foregoing proposal has become effective pursuant to section 19(b)(3)(A)(ii) of the Act,¹⁸ and Rule 19b-4(f)(2)¹⁹ thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of 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.

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:

¹⁷ See, e.g., Securities Exchange Act Release No. 90519 (November 25, 2020), 85 FR 77324 (December 1, 2020) (Nasdaq's Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Certain Annual Listing Fees).

¹⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹ 17 CFR 240.19b-4(f)(2).

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-LTSE-2022-04 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-2022-04. 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 (<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 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-LTSE-2022-04 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.²⁰

J. Matthew DeLesDernier,
Deputy Secretary.

²⁰ 17 CFR 200.30-3(a)(12).