

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103076; File No. SR-LTSE-2025-08]

## **Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule to Adopt Certain Market Data Fees**

May 20, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 12, 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 establish a new section (D. Market Data Fees) in the LTSE Fee Schedule for its proprietary market data feeds, Depth of Book, Top of Book and Last Sale (each an “Exchange Data Feed” and collectively, the “Exchange Data Feeds”) and adopt fees for the Depth of Book and Top of Book Feeds effective May 12, 2025.<sup>3</sup>

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

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

<sup>3</sup> See Securities Exchange Act Release No. 34-101226 (October 1, 2024), 89 FR 81587 (October 08, 2024) (SR-LTSE-2024-06). See also Securities Exchange Act Release No. 100783 (August 20, 2024), 89 FR 68481 (August 26, 2024) (SR-LTSE-2024-03) (Order Approving a Proposed Rule Change to Transition to a New Trading Platform and Amend its Trading Rules).

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 is proposing to establish a new section (D. Market Data Fees) in the Long-Term Stock Exchange Fee Schedule for its proprietary market data feeds, Depth of Book, Top of Book and Last Sale (each an “Exchange Data Feed” and collectively, the “Exchange Data Feeds”) and adopt fees for the Depth of Book and Top of Book Feeds. The Exchange is proposing to implement the proposed fees effective May 13, 2025<sup>4</sup>.

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<sup>4</sup> See Securities Exchange Act Release No. 34-102735 (March 27, 2025) 90 FR 14507 (April 2, 2025) (SR-LTSE-2025-05), which was filed on March 14, 2025, and replaced SR-LTSE-2025-02. See Securities Exchange Act Release No. 34-102498 (February 27, 2025), 90 FR 11335 (March 5, 2025) (SR-LTSE-2025-02). SR-LTSE-2025-02 replaced SR-LTSE-2024-12 which was filed on December 20, 2024. See Securities Exchange Act Release No. 34-102097 (January 3, 2025) 90 FR 2054 (January 10, 2025) (SR-LTSE-2024-12). The fees were initially adopted in SR-LTSE-2024-08, see Securities Exchange Act Release No. 34-101584 (November 12, 2024), 89 FR 90782 (November 18, 2024) (SR-LTSE-2024-08). The Exchange is now withdrawing and replacing this filing with SR-LTSE-2025-08.

### ***Proposed Market Data Pricing***

The Exchange offers three separate data feeds to subscribers – Depth of Book, Top of Book and Last Sale.<sup>5</sup> The Exchange notes that there is no requirement that any market participant subscribe to a particular Exchange Data Feed or any Exchange Data Feed whatsoever, but instead, a market participant may choose to maintain subscriptions to those Exchange Data Feeds it deems appropriate based on the firm’s business model. The proposed Exchange Data Feed fees will be the same for each subscriber regardless of size or type of market participant. The proposed pricing for each of the Exchange Data Feeds is set forth below.

#### **Depth of Book**

The Depth of Book feed is an LTSE-only market data feed that contains all displayed orders for securities trading on the Exchange (i.e., top and depth-of-book order data), order executions (i.e., last sale data), order cancellations, order modifications, order identification numbers, and administrative messages.<sup>6</sup> For the receipt of access to the Depth of Book feed the Exchange proposes to charge \$2,500 per data recipient per month. The proposed fee would be charged to any data recipient that receives the Depth of Book feed for the purpose of either internal use within the firm and/or external distribution to Affiliates<sup>7</sup> or for External Use.<sup>8</sup> The

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<sup>5</sup> See LTSE Rule 11.330. Data Products. The Exchange notes that in the Rulebook these feeds are defined as the LTSE MEMOIR Depth, LTSE MEMOIR Top and LTSE MEMOIR Last Sale. However, the Exchange is simplifying these names for purposes of simplicity within the LTSE Fee Schedule.

<sup>6</sup> See LTSE Rule 11.330(a)(1).

<sup>7</sup> “Affiliates” is defined as any Data Recipient meaning any entity that directly or indirectly Controls, is Controlled by, or is under common Control with Data Recipient. An Affiliate of Data Recipient is entitled to the same rights granted to Data Recipient hereunder including the right to use and distribute the Market Data to other Persons subject to the terms of the Exchange Data Agreement. See Long-Term Stock Exchange, Inc. Exchange Data Agreement. Internal distribution includes the sharing of any Exchange data product to other legal entities affiliated with the firm that have been disclosed to the Exchange.

<sup>8</sup> “External Use” is defined as the distribution of Market Data to Persons who are not officers, employees or Affiliates of the Distributor. See Long-Term Stock Exchange, Inc. Exchange Data Agreement. External distribution includes a firm that receives an Exchange data product and then distributes that data to a third-party or one or more data recipients outside the firm.

proposed fee for Depth of Book will be charged only once per data recipient per month per subscribing entity.

#### Top of Book

The Top of Book feed is a LTSE-only market data feed that contains top of book quotations based on equity orders entered into the trading system as well as administrative messages and last sale data.<sup>9</sup> For the receipt of access to the Top of Book feed the Exchange proposes to charge \$500 per data recipient per month. The proposed fee would be charged to any data recipient that receives the Top of Book feed for the purpose of either internal distribution within the Company and/or with Affiliates or external distribution for External Use. The proposed fee for Top of Book will be charged only once per month per subscribing entity.

#### Last Sale

The Last Sale feed is a LTSE-only market data feed that contains only execution information based on equity orders entered into the System as well as administrative messages.<sup>10</sup> For the receipt of access to the Last Sale feed the Exchange proposes to charge \$0 per month.

In proposing to charge fees for Exchange Data Feeds, the Exchange has sought to be especially diligent in assessing those fees in a transparent way against its own aggregate costs of providing the related services. It has also sought to carefully and transparently assess the impact on Members – both generally and in relation to other Members, i.e., to assure the fees will not create a financial burden on any participant and will not have an undue impact in particular on smaller Members and competition among Members in general. The Exchange believes that this level of diligence and transparency is called for by the requirements of Section 19(b)(1) under

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<sup>9</sup> See LTSE Rule 11.330(a)(2).

<sup>10</sup> See LTSE Rule 11.330(a)(3).

the Act,<sup>11</sup> and Rule 19b-4 thereunder,<sup>12</sup> with respect to the types of information self-regulatory organizations (“SROs”) should provide when filing fee changes, and Section 6(b) of the Act,<sup>13</sup> which requires, among other things, that exchange fees be reasonable and equitably allocated,<sup>14</sup> not designed to permit unfair discrimination,<sup>15</sup> and that they not impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Act.<sup>16</sup> This rule change proposal addresses those requirements, and the analysis and data in each of the sections that follow are designed to clearly and comprehensively show how they are met.<sup>17</sup>

### **Cost Analysis**

The Exchange notes it operates a unique model where the LTSE trading system and certain associated services are provided on an outsourced basis by MEMX Technologies LLC (“MEMX Technologies”).<sup>18</sup> As such, a large portion of the Exchange’s technology costs, including those related to Exchange Data Feeds, are incorporated into the overall fees that the Exchange pays MEMX Technologies as part of its multi-year arrangement to provide a trading

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<sup>11</sup> 15 U.S.C. 78s(b)(1).

<sup>12</sup> 17 CFR 240.19b-4.

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(4).

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

<sup>16</sup> 15 U.S.C. 78f(b)(8).

<sup>17</sup> In 2019, Commission staff published guidance suggesting the types of information that SROs may use to demonstrate that their fee filings comply with the standards of the Act (“Fee Guidance”). While LTSE understands that the Fee Guidance does not create new legal obligations on SROs, the Fee Guidance is consistent with LTSE’s view about the type and level of transparency that exchanges should meet to demonstrate compliance with their existing obligations when they seek to charge new fees. See Staff Guidance on SRO Rule Filings Relating to Fees (May 21, 2019). Available at <https://www.sec.gov/about/staff-guidance-sro-rule-filings-fees>.

<sup>18</sup> The Exchange and MEMX Technologies executed a Development, License and Services Agreement on January 23, 2024, with accompanying Schedules (collectively, the “DLSA”). MEMX Technologies, an affiliate of the MEMX Exchange, is in the business of developing technology systems for use in the financial industry. See SR-LTSE-2024-03.

system and associated services.<sup>19</sup> Because of this arrangement, the Exchange does not possess the same level of specificity for cost drivers related to market data as other exchanges have detailed within their own similar filings. However, the Exchange recognizes that the fees it pays MEMX Technologies are for the services MEMX Technologies provides to the Exchange and the associated costs incurred by MEMX Technologies. These services and costs include maintaining a team of highly skilled network engineers, fees charged to MEMX Technologies by the third-party data center operator for the servers and equipment LTSE utilizes, costs associated with projects and initiatives designed to improve overall network performance and stability, and costs associated with fully supporting advances in infrastructure and expansion of network level services, including customer monitoring, alerting and reporting. There are also significant technology expenses related to establishing and maintaining information security services, enhanced network monitoring and customer reporting, as well as Regulation SCI mandated processes, associated with the MEMX Technologies network technology. Most of the specific expenses for market data fees and the Exchange's DSLA with MEMX Technologies are combined, and therefore the Exchange discusses these expenses, and the portion allocated to market data as part of the “Third-Party Expenses” Cost Driver below.

Further, while the Exchange has been operating since September 2020, it only entered the DSLA with MEMX Technologies in January of 2024 and launched the new trading system in September 2024. Therefore, the Exchange’s most recent publicly available financial statement (2023 Audited Unconsolidated Financial Statement) does not reflect the current costs associated with development and operation of market data on LTSE. Accordingly, the Exchange believes it

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<sup>19</sup> The DSLA with MEMX Technologies entails both fixed and variable costs. The Exchange used both types of costs when determining aggregated monthly costs detailed below.

is more appropriate to justify its fees utilizing a recent monthly billing cycle and extrapolated annualized costs on a going-forward basis.

LTSE recently calculated its aggregate monthly costs for providing Exchange Data Feeds at \$223,336 for 2025.<sup>20</sup> Before the launch of the new trading system in September 2024 the Exchange did not offer any market data products. Now, in order to cover some of the aggregate costs of providing the Exchange Data Feeds to market participants (both Members and non-Members) the Exchange is proposing to modify its Fee Schedule and charge the Exchange Market Data Fees detailed herein.

In order to determine the Exchange's costs for providing the services associated with the Exchange Data Feeds, the Exchange conducted an extensive review in which the Exchange analyzed every expense item in the Exchange's general expense ledger to determine whether each such expense relates to the services associated with the Market Data Fees, and, if such expense did so relate, what portion (or percentage) of such expense actually supports those services. The sum of all such portions of expenses represents the total cost of the Exchange to provide the services associated with the Exchange Data Feeds. For the avoidance of doubt, no expense amount was allocated twice. The Exchange is also providing detailed information regarding the Exchange's cost allocation methodology – namely, information that explains the Exchange's rationale for determining that it was reasonable to allocate certain expenses described in this filing towards the total cost to provide Exchange Data Feeds.

The Exchange believes that the Market Data Fees are fair and reasonable because they will only cover a portion of the total annual expense that the Exchange projects to incur in

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<sup>20</sup> The aggregate monthly costs were determined by taking the individual cost drivers as detailed below and dividing it annually by twelve months.

connection with providing the services associated with the proposed Market Data Fees versus the total annual revenue of the Exchange projects to collect in connection with providing those services. Based on market data usage as of May 1st, 2025, as well as projected use through the remainder of the year, the Exchange would generate monthly revenues for 2025 of approximately \$52,000, which will result in a loss for the Exchange.

### **Costs Related to Offering Market Data**

The following chart details the individual line-item costs considered by LTSE to be related to offering market data as well as the percentage of the Exchange's overall costs per year in that area (e.g., as set forth below, the Exchange allocated approximately 18% of its overall Human Resources cost to offering market data for a total of \$591,228 per year).

| <b>Cost Drivers</b>  | <b>Allocated Monthly Costs</b> | <b>Allocated Yearly Costs</b> | <b>% of All</b> |
|----------------------|--------------------------------|-------------------------------|-----------------|
| Third-Party Expenses | \$154,349                      | \$1,852,188                   | 17%             |
| Human Resources      | \$49,274                       | \$591,228                     | 9%              |
| Data Center          | \$19,713                       | \$236,552                     | 39%             |
| <b>Total</b>         | \$223,226                      | \$2,680,027                   |                 |

Below are additional details regarding each of the line-item costs considered by LTSE to be related to offering the Exchange Data Feeds.

### **Third-Party Expenses**

As discussed above, LTSE has undertaken a unique model where it has outsourced its trading system and related technology to a third-party technology provider, MEMX Technologies. With this arrangement LTSE receives, among other things, 1) a state-of-the-art trading engine used to generate and disseminate the Exchange Data Feeds; 2) servers used at the Exchange's primary and back-up data centers specifically for the Exchange Data Feeds; and 3)

hardware and software to operate and monitor physical assets necessary to offer the Exchange Data Feeds. MEMX Technologies provides personnel to support the use and operation of the LTSE trading platform including but not limited to, monitoring the network, managing system development and testing, facilitating connection changes and access changes, as well as performing normal maintenance operations. The Exchange has an additional third-party vendor which assists the Exchange with services related to monitoring the trading system. Together these two third-parties account for all the Third-Party expenses.

The Exchange took the annual costs for each of these two third-party providers to determine what portion (or percentage) of these costs related to providing market data and thus bears a relationship that is, “in nature and closeness,” directly related to market data. There are four major core technology cost buckets associated with operating the Exchange: 1) the Member Gateways which include physical and logical connectivity, 2) connectivity to the Securities Information Processor (“SIP”), 3) the Trading Engine, and 4) any downstream services which include system reporting, etc. The Exchange then reviewed each of these technology cost buckets in great detail and determined the percentage each of these buckets should be allocated to the total cost of the third-party expense, with Member Gateways, the SIP and the Trading Engine each accounting for 30% of the costs related to a third-party provider, and downstream services being allocated the remaining 10%. Using this breakdown for both third-party providers, the Exchange determined the portion of each of these costs that was associated with providing market data, connectivity services or neither. Here, the Exchange determined that the 20% allocation for the cost of the Trading Engine (30%) should be associated with the cost of providing market data. Additionally, the Exchange determined an allocation of 5% for the cost of the Member Gateway (30%) was appropriate to associate with the cost of providing market

data, as well as 5% (of the overall 10%) should be associated with the cost to provide downstream services.

### **Human Resources**

In addition to the cost of personnel of outsourced third-party providers that are allocated in the Third-Party Expense section above, LTSE then calculated an allocation of LTSE employee time for employees whose functions include providing services necessary to offer the Exchange Data Feeds, including performance thereof, as well as personnel with ancillary functions related to establishing and providing such services (such as information security and finance personnel). The Exchange notes that system support services to Members and non-Members provided by the Exchange and its staff, including monitoring, reporting and other support services, are all handled directly by LTSE and not MEMX Technologies.

The Exchange also allocated Human Resources costs to provide market data to a limited subset of LTSE personnel with ancillary functions related to monitoring and enabling market data (such as information security and finance personnel), for which the Exchange allocated cost on an employee-by-employee basis (i.e., only including those personnel who do support functions related to providing market data) and then applied a smaller allocation to such employees. Blended together, Human Resources costs to provide market data accounted for 15% of all Human Resource costs. The Exchange notes that it has fewer than fifty (50) employees, and each department leader has direct knowledge of the time spent by each employee with respect to the various tasks necessary to operate the Exchange. The estimates of Human Resources cost were therefore determined by consulting with such department leaders, determining which employees are involved in tasks related to providing market data, and confirming that the proposed allocations were reasonable based on an understanding of the

percentage of their time such employees devote to tasks related to providing market data. The Exchange notes that senior level executives were only allocated Human Resources costs to the extent the Exchange believed they are involved in overseeing tasks related to providing market data. The Human Resources cost was calculated using a blended rate of compensation reflecting salary, equity and bonus compensation, benefits, payroll taxes, and 401(k) matching contributions.

### **Data Center**

In addition to the data center costs included by the Exchange per its DSLA with MEMX Technologies which are allocated in the Third-Party Expenses above, the Exchange also maintains its own footprint in a third-party data center.<sup>21</sup> Data center costs include an allocation of the costs the Exchange incurs to monitor its trading platform, as well as the costs to maintain its equipment in the data center. The Exchange does not own the data center facilities, but instead, leases space in a data center operated by a third-party.

The Exchange has two third-party vendors that account for the Data Center expenses. Consistent with the exercise above, the Exchange took the annual costs for each of these two Data Center vendors to determine what portion (or percentage) of these costs related to providing market data and thus bears a relationship that is, “in nature and closeness,” directly related to market data. The Exchange then reviewed each of the technology cost buckets detailed above and determined the percentage each of these buckets should be allocated to the total cost of the Data Center expenses, with Member Gateways, the SIP and the Trading Engine each accounting for 30% of the costs related to a third-party provider, and downstream services being allocated the remaining 10%. Using this breakdown for all Data Center vendors the Exchange determined

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<sup>21</sup> LTSE has a presence in the Secaucus NY4 data center that is operated by Equinix.

the portion of each of these costs was associated with providing market data, connectivity services or neither. Here, the Exchange determined that the 15% allocation for the cost of the Member Gateway (30%) should be associated with the cost of providing market data. Additionally, the Exchange determined an allocation of 22% for the cost of the Trading Engine (30%) was appropriate to associate with the cost of providing market data, as well as 7% (of the overall 10%) should be associated with the cost to provide downstream services.

### ***Proposed Fees - Additional Discussion***

In conducting its cost analysis, the Exchange did not allocate any of its expenses in full to any core service and did not double-count any expenses. Instead, as described above, the Exchange identified and allocated applicable cost drivers across its core services and used the same approach to analyzing costs to form the basis of a separate proposal to adopt fees for connectivity services (the “Connectivity Filing”)<sup>22</sup> and this filing proposing fees for Exchange Data Feeds. Thus, the Exchange’s allocations of cost across core services were based on real costs of operating the Exchange and were not double counted across the core services or their associated revenue streams.

LTSE believes the proposed fees for Exchange Data Feeds are fair and reasonable as a form of cost recovery for the Exchange’s aggregate costs of offering market data. The proposed

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<sup>22</sup> See Securities Exchange Act Release No. 34-102322 (February 3, 2025), 90 FR 9175 (February 7, 2025) (SR-LTSE-2025-01) which was filed on January 23, 2025, and replaced SR-LTSE-2024-09. See Securities Exchange Act Release No. 34-101851 (December 9, 2024), 89 FR 101057 (December 13, 2024) (SR-LTSE-2024-09) which was filed on November 27, 2024, and replaced SR-LTSE-2024-07. See also Securities Exchange Act Release No. 34-101320 (October 11, 2024), 89 FR 83731 (October 17, 2024) (SR-LTSE-2024-07). The fees were initially adopted in SR-LTSE-2024-06, see Securities Exchange Act Release No. 34-101226 (October 1, 2024), 89 FR 81587 (October 8, 2024) (SR-LTSE-2024-06).

fees are expected to generate monthly revenue of approximately \$52,000<sup>23</sup> providing partial cost recovery to the Exchange for the aggregate costs of offering Exchange Data Feeds, based on a methodology that narrowly limits the cost drivers that are allocated to those closely and directly related to the particular service. The proposed fees for Exchange Data Feeds are designed to permit the Exchange to cover a portion of costs for providing Exchange Data Feeds, which the Exchange believes is fair and reasonable after taking into account the costs related to creating, generating, and disseminating the Exchange Data Feeds. LTSE notes that like other exchanges, it is after all, a for-profit business. Accordingly, while the Exchange believes in transparency around costs and potential margins, as well as periodic review of revenues and applicable costs (as discussed below), the Exchange does not believe that these estimates should form the sole basis of whether or not a proposed fee is reasonable or can be adopted. Instead, the Exchange believes that the information should be used solely to confirm that an Exchange is not earning supra-competitive profits, and the Exchange believes its Cost Analysis and related projections demonstrate this fact. As a general matter, the Exchange believes that its costs will remain relatively similar in future years. It is possible however that such costs will either decrease or increase. To the extent the Exchange sees growth in use of Exchange Data Feeds it will receive additional revenue to offset future cost increases. However, if use of Exchange Data Feeds is static or decreases, the Exchange might not realize the revenue that it anticipates or needs in order to cover applicable costs. Accordingly, the Exchange is committing to conduct a one-year review after implementation of these fees. The Exchange expects that it may propose to adjust

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<sup>23</sup> As stated above, the Exchange launched its new trading platform on September 23, 2024. This expected revenue is based on market data usage as of May 1st, 2025, as well as projected use through the remainder of the year.

fees at that time, to increase fees in the event that revenues fail to cover costs and a reasonable mark-up of such costs.

Similarly, the Exchange expects that it would propose to decrease fees in the event that revenue materially exceeds current projections. In addition, the Exchange will periodically conduct a review to inform its decision making on whether a fee change is appropriate (e.g., to monitor for costs increasing/decreasing or subscribers increasing/decreasing, etc. in ways that suggest the then-current fees are becoming dislocated from the prior cost-based analysis) and expects that it would propose to increase fees in the event that revenues fail to cover its costs and a reasonable mark-up, or decrease fees in the event that revenue or the mark-up materially exceeds current projections. In the event that the Exchange determines to propose a fee change, the results of a timely review, including an updated cost estimate, will be included in the rule filing proposing the fee change. More generally, the Exchange believes that it is appropriate for an exchange to refresh and update information about its relevant costs and revenues in seeking any future changes to fees, and the Exchange commits to do so.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)<sup>24</sup> of the Act in general and furthers the objectives of Section 6(b)(4)<sup>25</sup> of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. Additionally, the Exchange believes that the proposed fees are consistent with the objectives of Section 6(b)(5)<sup>26</sup> of the Act in that they are designed to promote just and equitable principles of trade, to foster

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<sup>24</sup> 15 U.S.C. 78f.

<sup>25</sup> 15 U.S.C. 78f(b)(4).

<sup>26</sup> 15 U.S.C. 78f(b)(5).

cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to a free and open market and national market system, and, in general, to protect investors and the public interest, and, particularly, are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange notes prior to addressing the specific reasons the Exchange believes the proposed fees and fee structure are reasonable, equitably allocated and not unreasonably discriminatory, that the proposed fee structure described above is consistent with the fee structure used by the Investors Exchange LLC (“IEX”)<sup>27</sup>. As such, the Exchange believes it is adopting a model that is easily understood by Members and non-Members, most of which also subscribe to market data products from other exchanges, including IEX. For this reason, the Exchange believes that the proposed fees described above are consistent with the Act generally, and Section 6(b)(5)<sup>28</sup> of the Act in particular.

#### *Reasonableness*

With regard to reasonableness, the Exchange understands that the Commission has traditionally taken a market-based approach to examine whether the SRO making the fee proposal was subject to significant competitive forces in setting the terms of the proposal. The Exchange understands that in general the analysis considers whether the SRO has demonstrated in its filing that (i) there are reasonable substitutes for the product or service; (ii) “platform” competition constrains the ability to set the fee; and/or (iii) revenue and cost analysis shows the

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<sup>27</sup> Similar to LTSE, IEX did not initially charge for market data but it now IEX charges \$2,500 per month for its Depth of Book Feed (DEEP Feed) and \$500 per month for its Top of Book Feed (TOPS Feed). All other market data products on IEX are free.

<sup>28</sup> 15 U.S.C. 78f(b)(5).

fee would not result in the SRO taking supracompetitive profits. If the SRO demonstrates that the fee is subject to significant competitive forces, the Exchange understands that in general the analysis will next consider whether there is any substantial countervailing basis to suggest the fee's terms fail to meet one or more standards under the Act. The Exchange further understands that if the filing fails to demonstrate that the fee is constrained by competitive forces, the SRO must provide a substantial basis, other than competition, to show that it is consistent with the Act, which may include production of relevant revenue and cost data pertaining to the product or service.

The Exchange has not determined its proposed overall market data fees based on assumptions about market competition, instead relying upon a cost-plus model to determine a reasonable fee structure that is informed by the Exchange's understanding of different uses of the products. In this context, the Exchange believes the proposed fees overall are fair and reasonable as a form of partial cost recovery, plus provide the possibility of a reasonable return for Exchange's aggregate costs of offering the Exchange Data Feeds. The Exchange believes the proposed fees are reasonable because they are designed to generate annual revenue to recoup some of Exchange's annual costs of providing Exchange Data Feeds. Accordingly, the Exchange believes that this fee methodology is reasonable because it allows the Exchange to recoup some or all of its expenses for providing Exchange Data Feeds. The Exchange also believes that the proposed fees are reasonable because they are less than the fees charged by a competing exchange<sup>29</sup> with comparable market data products, notwithstanding that the

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<sup>29</sup> See the MEMX fee schedule, available at <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>.

competing exchange may have different system architectures that may result in different cost structures for the provision of market data.

The Exchange believes the proposed fees for the Exchange Data Feeds are reasonable when compared to fees for comparable products at MEMX LLC (“MEMX”)<sup>30</sup>. Specifically, the fees for MEMX’s MEMOIR Depth Feed<sup>31</sup>, MEMOIR Top Feed<sup>32</sup> and MEMOIR Last Sale Feed<sup>33</sup> in most instances are priced higher than the proposed Exchange Data Feeds.

Specifically with respect to the Depth of Book feed, the Exchange believes that the proposed fees for such feed are reasonable because the Depth of Book feed contains more information than the Top of Book and Last Sale data feeds. The Top of Book and Last Sale data feeds, as described above, can be utilized to trade on the Exchange but contain less information than that available on the Depth of Book feed (i.e., even for a subscriber who takes both feeds, such feeds do not contain depth-of-book information). Thus, the Exchange believes it reasonable for the products to be priced as proposed, with Last Sale having no fee, Top of Book priced at \$500, and Depth of Book priced at \$2500.

#### *Equitable Allocation*

The Exchange believes that its proposed fees are reasonable, fair, and equitable, and not unfairly discriminatory because they are designed to align fees with services provided. The Exchange believes that the proposed fees are equitably allocated because they will apply uniformly to all data recipients that choose to subscribe to the Exchange Data Feeds. Any firm that chooses to subscribe to one or more Exchange Data Feeds is subject to the same Fee

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<sup>30</sup> Id.

<sup>31</sup> MEMX charges between \$1,500 and \$2,500 for its Depth of Book Feed.

<sup>32</sup> MEMX charges between \$750 and \$10,000 for its Top of Book Feed.

<sup>33</sup> MEMX charges between \$500 and \$10,000 for its Last Sale Feed.

Schedule, regardless of what type of business they operate, and the decision to subscribe to one or more Exchange Data Feeds is based on objective differences in usage of Exchange Data Feeds among different firms, which are still ultimately in the control of any particular firm. The Exchange believes the proposed pricing among Exchange Data Feeds is equitably allocated because it is based upon the amount of information contained in each data feed. The Top of Book and Last Sale data feeds, as described above, can be utilized to trade on the Exchange but contain less information than that is available on the Depth of Book feed (i.e., even for a subscriber who takes both feeds, such feeds do not contain depth-of-book information). Thus, the Exchange believes it is an equitable allocation of fees for the products to be priced as proposed, with Last Sale having no fee, Top of Book priced at \$500, and Depth of Book priced at \$2500.<sup>34</sup>

*The Proposed Fees Are Not Unfairly Discriminatory*

The Exchange believes that the proposed fees are not unfairly discriminatory because they would apply to all data recipients that choose to subscribe to the same Exchange Data Feed(s). Any subscriber that chooses to subscribe to the Exchange Data Feeds is subject to the same Fee Schedule, regardless of what type of business they operate. Because the proposed fees for Depth of Book are higher, subscribers seeking lower cost options may instead choose to receive data from the SIPs or through the Top of Book and/or Last Sale feed for a lower cost. Alternatively, subscribers can choose to pay for the Depth of Book feed in order to receive data in a single feed with depth-of-book information if such information is valuable to subscribers. The Exchange notes that subscribers can also choose to subscribe to a combination of data feeds for redundancy purposes or to use different feeds for different purposes. In sum, each subscriber

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<sup>34</sup> The Exchange believes it is equitable and appropriate to provide the Last Sale data for free.

has the ability to choose the best business solution for itself. The Exchange does not believe it is unfairly discriminatory to base pricing upon the amount of information contained in each data feed. As described above, the Top of Book and Last Sale data feeds can be utilized to trade on the Exchange but contain less information than that is available on the Depth of Book feed (i.e., even for a subscriber who takes both feeds, such feeds do not contain depth-of-book information). Thus, the Exchange believes it is not unfairly discriminatory for the products to be priced as proposed, with Last Sale having no fee, Top of Book priced at \$500, and Depth of Book priced at \$2500.<sup>35</sup>

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

In accordance with Section 6(b)(8) of the Act,<sup>36</sup> the Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

*Intramarket Competition*

The Exchange does not believe that the proposed fees for Exchange Data Feeds place certain market participants at a relative disadvantage to other market participants because, as noted above, the proposed fees are associated with usage of Exchange Data Feeds by each market participant based on the type of business they operate, and the decision to subscribe to one or more Exchange Data Feeds is based on objective differences in usage of Exchange Data Feeds among different firms, which are still ultimately in the control of any particular firm, and such fees do not impose a barrier to entry to smaller participants. Accordingly, the proposed fees for Exchange Data Feeds do not favor certain categories of market participants in a manner that

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<sup>35</sup> The Exchange believes it is not unfairly discriminatory to provide the Last Sale data for free.

<sup>36</sup> 15 U.S.C. 78f(b)(8).

would impose a burden on competition; rather, the allocation of the proposed fees reflects the types of Exchange Data Feeds consumed by various market participants and their usage thereof.

#### *Intermarket Competition*

The Exchange does not believe the proposed fees place an undue burden on competition on other SROs that is not necessary or appropriate. In particular, market participants are not forced to subscribe to any of the Exchange Data Feeds, as described above. Additionally, another exchange has similar market data fees in place for their participants, but with comparable and in many cases higher rates for market data feeds.<sup>37</sup> The proposed fees are based on actual costs and are designed to enable the Exchange to recoup a portion of its costs related to providing market data. Competing equities exchanges are free to adopt comparable fee structures subject to the SEC rule filing process.

#### 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 Act<sup>38</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>39</sup> 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

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<sup>37</sup> See supra, footnote 28 [sic] referencing MEMX Exchange.

<sup>38</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>39</sup> 17 CFR 240.19b-4(f)(2).

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.

#### 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](mailto:rule-comments@sec.gov). Please include file number SR-LTSE-2025-08 on the subject line.

##### Paper Comments:

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

All submissions should refer to file number SR-LTSE-2025-08. 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-2025-08 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.<sup>40</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>40</sup> 17 CFR 200.30-3(a)(12).