

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104679; File No. SR-LTSE-2026-01]

## **Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend its Fee Schedule to Modify the Liquidity Incentive Program**

January 23, 2026.

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> notice is hereby given that on January 12, 2026, 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 is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend its Fee Schedule to modify the Liquidity Incentive Program (“LTSE LIP” or “Program”). The Exchange proposes to implement the changes to the fee schedule pursuant to this proposal on January 12, 2026.

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

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

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

## 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 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

On July 1, 2025, the Exchange implemented the LTSE LIP to enhance liquidity and improve market quality in LIP Enhanced Securities<sup>3</sup> traded on the Exchange by incentivizing Members to quote at or better than the National Best Bid and Offer (“NBBO”) and provide liquidity in both select securities, the LIP Enhanced Securities and more generally in all other securities traded on LTSE, the LIP Standard Securities.<sup>4,5</sup>

The Exchange now proposes several additional changes to the Fee Schedule to modify the LTSE LIP. The proposed amendments would (i) amend the eligibility requirement period for both Incentive 1 and Incentive 3 from quarterly to monthly; (ii) amend the distribution

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<sup>3</sup> LIP Enhanced Securities means a list of securities designated as such, that are used for the purposes of qualifying for the incentives within the LIP. The universe of these securities will be determined by the Exchange and published on the Exchange’s website. See Definitions Section of the Fee Schedule.

<sup>4</sup> LIP Standard Securities means a security not defined as a “LIP Enhanced Security” and traded on LTSE. See Definitions Section of the Fee Schedule.

<sup>5</sup> LTSE LIP was initially adopted in SR-LTSE-2025-13 on June 30, 2025, which was withdrawn and refiled on July 10, 2025, See Securities Exchange Release No. 34-103517 (July 22, 2025), 90 FR 35325 (July 25, 2025) (SR-LTSE-2025-16). The Program includes three key incentives: (1) a proportional share of 80% of LTSE’s SIP Quote Revenue for LIP Enhanced Securities, distributed among qualifying Members based on quoting activity; (2) reduced taker fees for LIP Enhanced Securities, available to all Members without quoting obligations; and (3) for LIP Standard Securities, a choice between a proportional share of 20% of LTSE’s SIP Quote Revenue or a quarterly credit, contingent on meeting specific quoting thresholds.

calculation of LTSE's SIP Quote Revenue from quarterly to monthly; (iii) remove transitional language that applied to the fourth quarter of 2025; (iv) amend the optional credit in Incentive 3 to a monthly credit of \$25; and (v) make edits consistent with these changes to the Notes to LIP section of the Fee Schedule.

Currently, the eligibility threshold for Incentive #1 requires a Member to display a quote in a LIP Enhanced Security of a Minimum Quoted Size ("MQS"), for at least 30% of the time at the NBBO of the Regular Market Session in a calendar quarter, in order to share in SIP Quote Revenue, which is distributed proportionally among eligible Members based on quoting activity within the calendar quarter. In turn, the eligibility threshold for Incentive #3 requires a Member to be eligible for Incentive #1 in at least 50 LIP Enhanced Securities and display a quote of at least one round lot in a LIP Standard Security of a MQS, for at least 25% of the time at the NBBO of the Regular Market Session in a calendar quarter, in order to share in SIP Quote Revenue, which is distributed proportionally among eligible Members based on quoting activity within the calendar quarter; or alternative to receiving a share of the SIP Quote Revenue a Member can receive a quarterly credit of \$75 per LIP Standard Security per Market Participant ID ("MPID") to be used against fees for removing liquidity. For both Incentive #1 and Incentive #3 the Exchange proposes to amend both the eligibility requirement period and share of the LTSE SIP Quote Revenue from quarterly to monthly. The Exchange also proposes to amend the optional quarterly credit in Incentive #3 from a quarterly credit of \$75 per LIP Standard Security per MPID to a monthly credit of \$25 per LIP Standard Security per MPID.

The Exchange believes allowing Members to qualify and receive a proportional amount of LTSE SIP Quote Revenue monthly, rather than a quarterly basis, will encourage greater participation in the LIP. The LIP is intended to encourage Members to promote price discovery

and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities generally, and in LIP Enhanced Securities in particular, thereby benefiting the Exchange and other investors by providing improved trading conditions for all market participants through narrower bid-ask spreads and increasing the depth of liquidity available at the NBBO in a broad base of securities, including the LIP Enhanced Securities. Thus, the Exchange believes that the proposed changes to the Program will promote price discovery and market quality in LIP Enhanced Securities and more generally on the Exchange, and, further, that the resulting tightened spreads and increased displayed liquidity will benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

The Exchange notes that it is not proposing any changes to the SIP Quote Revenue distribution, which will continue to occur at the end of each calendar quarter when the Exchange receives its MDR payment from the SIPs.<sup>6</sup>

The Exchange also proposes to amend the language regarding Minimum Quoted Size in the Notes to the LIP section of the Fee Schedule. Currently the language states that the MQS will be calculated for each LIP Enhanced Security and published at least quarterly on the

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<sup>6</sup> The Securities Information Processors ("SIPs"), which include the Unlisted Trading Privileges and Consolidated Tape Association, collect fees from subscribers for trade and quote tape data received from trading centers and reporting facilities, such as the Exchange (collectively, "SIP Participants"). After deducting the cost of operating each tape, the profits are allocated among the SIP Participants on a quarterly basis, according to a complex set of calculations that consider estimates of anticipated Market Data Revenue ("MDR"), adjustments to comport to actual MDR from previous quarters and a non-linear aggregation of total trading and quoting activity in Tape A, B and C securities in attributing MDR to each SIP Participant. Based on these calculations, the SIPs provide MDR payments to each SIP Participant during the second month of each quarter for trade and quote data from the previous calendar quarter, which are subject to adjustment through subsequent quarterly payments. These payments can be divided into six pools (i.e., trade and quote activity in Tape A, B, and C securities). To determine a monthly SIP Quote Revenue allocation the Exchange uses a corresponding monthly SIP report in conjunction with the quarterly MDR payments to calculate the correct allocation of the MDR payment in each symbol for each month of the quarter.

Exchange's website. In line with the proposed changes above which change all quarterly calculations to monthly calculations, the Exchange proposes to change this to state that the MQS will now be published monthly on the Exchange's website. The Exchange then proposes to delete the sentence and related footnote that expands upon how the Exchange will treat mid-quarter MQS changes as this detail is no longer relevant now that the MQS will be published monthly and the Exchange would not adjust the MQS mid-month.

The Exchange then proposes to make other conforming changes to the Notes in the LIP Section. Specifically, the Exchange proposes to amend the second bullet to state that Incentive #1 and Incentive #3 will be calculated, and eligibility determined, on a monthly basis instead of quarterly. Additionally, the Exchange proposes to amend the language in the third bullet to state that all quoting requirements and incentives reset each calendar month rather than each quarter. Revenue will continue to be shared proportionally based on quoting activity.

Lastly, the Exchange also proposes to delete language from the Fee Schedule that applied only to the fourth quarter of 2025. This provision, adopted in SR-LTSE-2025-24,<sup>7</sup> temporarily adjusted revenue-sharing parameters that were specific to the fourth quarter of 2025 and will not be needed going forward.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act,<sup>9</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among all of its

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<sup>7</sup> See Securities Exchange Act Release No. 34-104353 (December 9, 2025), 90 FR 57800 (December 12, 2025) (SR-LTSE-2025-24).

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

<sup>9</sup> 15 U.S.C. 78f(b)(4).

Members and issuers and other persons using its facilities; Section 6(b)(5) of the Act,<sup>10</sup> which requires, among other things, that the rules of the Exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest and are not designed to permit unfair discrimination between customers, issuers, brokers or dealers. The Exchange also believes that the proposed rule change is reasonable, fair and equitable, and non-discriminatory.

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 or 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 can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

The Exchange believes that amending the eligibility requirement periods, as well as the distribution calculation from quarterly to monthly is reasonable and equitable because it will encourage greater participation in the LTSE LIP by allowing Members to receive the incentive of the LTSE SIP Quote Revenue or credit for any month they meet the month quoting requirement, rather than having the Member commit to a quarterly quoting requirement. Thus the Exchange believes the proposed changes will promote price discovery and market quality in both LIP Enhanced and LIP Standard Securities and more generally on the Exchange, and, in turn could result in tightened spreads and increased displayed liquidity that will benefit all investors by

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<sup>10</sup> 15 U.S.C.78f(b)(5).

deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

The proposed changes are not unfairly discriminatory, as all Members that meet the same quoting criteria are eligible to receive the increased revenue share on identical terms and it will enhance, rather than burden, intermarket competition by encouraging additional displayed liquidity on LTSE.

The Exchange believes that amending the Notes section and stating that the MQS will be calculated for each LIP Enhanced Security and published monthly on the Exchange's website is reasonable, equitable and not unfairly discriminatory. The change conforms the MQS calculation timeframe to be consistent with the new monthly timeframe for both the eligibility requirements and LTSE SIP Revenue payment distributions, which will reduce investor confusion on the Program.

The Exchange believes that deleting text that is no longer applicable and adding clarifying text is consistent with Section 6(b)(5) and 6(b)(1) of the Act because it enhances transparency and clarity in the Fee Schedule. The removal is administrative, eliminates obsolete provisions and ensures that the rule text accurately reflects the Program currently in effect. It does not modify incentives or alter Member obligations and therefore imposes no burden on competition.

Taken together, these amendments are designed to increase participation in the LTSE LIP by lowering participation thresholds, aligning Program parameters with market realities, and maintaining clear and transparent rule text. The Exchange believes the proposal supports the objectives of Section 6(b)(5) of the Act by fostering fair competition, encouraging displayed liquidity, and promoting a more efficient and transparent market environment for investors. The

Exchange believes that its transaction pricing is subject to significant competitive forces and that proposed changes to the 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 change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the proposal is intended to enhance market quality on the Exchange by encouraging additional quoting activity on LTSE and promoting more competitive displayed markets. The proposed amendments are designed to make the LTSE LIP more accessible and attractive to a broader range of Members. As a result, the Exchange believes the proposal would enhance its competitiveness as a market that attracts actionable orders, thereby making it a more desirable destination venue for its customers. For these reasons, the Exchange believes that the proposal furthers the Commission's goal in efficient pricing of individual stocks for all types of orders, large and small."<sup>11</sup>

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>12</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>13</sup> Accordingly, the proposed rule change would take effect upon filing with the Commission.

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<sup>11</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 47396 (June 29, 2005).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>13</sup> 17 CFR 240.19b-4(f)(2).



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.

#### 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-LTSE-2026-01 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-2026-01. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing 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-2026-01 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>14</sup>

**Vanessa A. Countryman,**  
*Secretary.*

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<sup>14</sup> 17 CFR 200.30-3(a)(12).