SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106529; File No. SR-LTSE-2026-21]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Update the LTSE Market Maker Rules to Provide Mechanisms That Would Allow the Exchange to Initiate and Operate a Market Maker Program

September 29, 2026.

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on September 21, 2026, Long-Term Stock Exchange, Inc. ("LTSE" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 Commission a proposed rule change to: (1) add definitions for "Market Maker" and "Market Maker Authorized Trader" or "MMAT" to Rule 1.160; (2) restate Rule 11.150 (Registration as a Market Maker) to create a comprehensive, practical registration framework; (3) amend Rule 11.151 (Market Maker Obligations) to establish new obligations not related to performance of Market Makers and provide exceptions to the existing Two-Sided Quote Obligation; (4) adopt a new Rule 11.152 (Obligations of Market Maker Authorized Traders), which governs the obligations of Market Maker Authorized Traders

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

("MMATs"); (5) adopt new Rule 11.153 (Registration of Market Makers in Securities); and (6) delete current Rule 11.153 (Voluntary Termination of Registration), which would be replaced by proposed Rule 11.153(b).

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.

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

Background and Overview of the Proposal

LTSE has never registered a Market Maker. To improve market quality in Dually-Listed Securities[3] and securities traded on the Exchange pursuant to unlisted trading privileges, the Exchange seeks to encourage market making activity. The proposed rule modifications establish practical mechanisms designed to allow LTSE to initiate, operate, and monitor market making in Non-LTSE-Primary-Listed Securities traded on the Exchange.[4] For example, the proposed rule

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3 See Rule 14.210(a) (defining "Dually-Listed Securities").

4 See Rule 1.160z) (defining "Non-LTSE-Primary-Listed Securities"). Currently, only Non-LTSE-Primary - Listed Securities are traded on the Exchange. Before allowing for market making in LTSE-Primary-Listed Securities (as defined in Rule 1.160s), LTSE will file another proposed rule change to adopt a second class for Market Makers in those securities.

change would fortify the Exchange's market maker registration framework, establish a means for Exchange oversight over authorized traders who perform market making activities on behalf of registered Market Makers, and institute processes for registering in a security and, if necessary, suspending or terminating registrations in a security or securities.[5] As discussed in greater detail below, these updates to LTSE's Market Maker rules are substantially similar to rules of another national securities exchange.

Proposed Changes

In summary, the Exchange proposes to: (1) add definitions for "Market Maker" and "Market Maker Authorized Trader" or "MMAT" to Rule 1.160; (2) restate Rule 11.150 (Registration as a Market Maker) to create a comprehensive, practical registration framework; (3) amend Rule 11.151 (Market Maker Obligations) to establish new obligations not related to performance of Market Makers and provide exceptions to the existing Two-Sided Quote Obligation; (4) adopt a new Rule 11.152 (Obligations of Market Maker Authorized Traders), which governs the obligations of Market Maker Authorized Traders ("MMATs"); (5) adopt new Rule 11.153 (Registration of Market Makers in Securities); and (6) delete current Rule 11.153 (Voluntary Termination of Registration), which would be replaced by proposed Rule 11.153(b).

Proposed Amendments to Rule 1.160 (Definitions)

The Exchange is proposing to add two new definitions to Rule 1.160, the Exchange's central definitions rule. These new definitions anchor the proposed market maker framework in

[5] In a separate proposed rule change, LTSE intends to introduce incentives for Market Makers that satisfy certain quoting thresholds, but those incentives would not constitute performance obligations. In the event a Market Maker fails to meet any of those heightened thresholds in a security it simply would not receive an incentive payment for that security; failure would not trigger suspension or termination of the Market Maker's registration in the security or subject the Market Maker to disciplinary action.

the Exchange's definitions rule and are consistent with the approach taken by other national securities exchanges.

First, the Exchange proposes to add the definition of "Market Maker" in new Rule 1.160(ww). The proposed definition provides that "Market Maker" means a Member that acts as a Market Maker pursuant to Chapter 11 of the LTSE Rules. The term currently appears throughout Chapter 11 without a formal definitional anchor in Rule 1.160. The proposed addition clarifies that Market Maker status is a distinct role conferred through Chapter 11 registration, separate from general Exchange membership.[6]

Second, the Exchange proposes to add the definition of "Market Maker Authorized Trader" or "MMAT" in new Rule 1.160xx). The proposed definition provides that "MMAT" means an authorized trader who performs market making activities pursuant to Chapter 11 on behalf of a Market Maker. This definition is new to the LTSE rulebook. It is consistent with the definition of "Market Maker Authorized Trader" in Cboe BZX Rule 1.5(m), which similarly defines the term as "an authorized trader who performs market making activities pursuant to Chapter XI on behalf of a Market Maker."[7] Both definitions anchor individual market making authorization to the firm-level market maker registration framework. The MMAT concept in the LTSE Rules is also an extension of the Exchange's existing Authorized Trader framework under Rule 11.140 and Rule 1.160(d), applied specifically to the market making context. The MMAT definition in proposed Rule 1.160(xx) anchors the comprehensive individual-level registration and oversight framework set forth in proposed Rule 11.152, discussed below.

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6 The proposed definition is substantially similar to the definition of "Market Maker" in Cboe BZX Exchange, Inc. ("Cboe BZX") Rule 1.5(l).

7 The proposed definition is substantially similar to the definition of "Market Maker Authorized Trader" in Cboe BZX Rule 1.5(m).

Proposed Amendment to Rule 9.218 (Violations Appropriate for Disposition Under Plan Pursuant to Exchange Act Rule 19d-1(c)(2))

The Exchange is proposing to update a cross-reference in paragraph (f) to reflect the renumbering of the paragraphs of Rule 11.151.

Proposed Amendments to Rule 11.150 (Registration as a Market Maker)

The Exchange proposes to delete the existing text of Rule 11.150 in its entirety and replace it with a comprehensive Market Maker registration framework consisting of six new provisions, as described below.[8]

Proposed Rule 11.150(a) requires any applicant for registration as a Market Maker to file a written application on a form prescribed by the Exchange. Applications are to be reviewed by the Exchange based on factors including, but not limited to, capital, operations, personnel, technical resources, and disciplinary history. The rule also codifies a minimum net capital requirement: each Market Maker must have and maintain minimum net capital of at least the amount required under Rule 15c3-1 under the Act.

Proposed Rule 11.150(b) provides that an applicant's registration as a Market Maker becomes effective upon receipt by the Member of notice of the Exchange's approval of registration. This provision would replace the existing Rule 11.150(b)'s same-day, submission-based effectiveness with an approval-based model, which provides the Exchange with the ability to evaluate applicant qualifications before granting Market Maker status.[9]

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8 This proposed rule is substantially similar to the "Registration of Market Makers" rule in Cboe BZX Rule 11.5.

9 This approval-based effectiveness model is identical to Cboe BZX Rule 11.5(b) and MEMX Rule 11.17(b), and differs from existing LTSE Rule 11.150(b), under which registration becomes effective on the day the request was entered.

Proposed Rule 11.150(c) codifies the grounds on which the Exchange may suspend or terminate a Market Maker's registration. The Exchange may take such action if it determines that: (1) the Market Maker has substantially or continually failed to engage in dealings in accordance with Rule 11.151 or elsewhere in the LTSE Rules; (2) the Market Maker has failed to meet the minimum net capital conditions in paragraph (a); (3) the Market Maker has failed to maintain fair and orderly markets; or (4) the Market Maker does not have at least one registered MMAT qualified to perform market making activities as set forth in Rule 11.152(b)(5), with the clarification that a MMAT whose registration is itself suspended under this paragraph shall not be deemed qualified.

Proposed Rule 11.150(d) provides that any registered Market Maker may withdraw its registration by giving written notice to the Exchange. The Exchange may require a minimum prior notice period and may impose conditions on withdrawal and re-registration as it deems appropriate in the interest of maintaining fair and orderly markets.[10]

Proposed Rule 11.150(e) provides that any person aggrieved by any determination under Rules 11.150, 11.152, or 11.153 may seek review under Chapter 9 of the Exchange Rules governing adverse action. The provision consolidates the appeal right for determinations across the three rules governing Market Maker and MMAT registration as well as suspensions and terminations of registrations in a security in a single location.

Proposed Rule 11.150(f) provides that registered Market Makers are designated as dealers on the Exchange for all purposes under the Act and the rules and regulations thereunder.

Proposed Amendments to Rule 11.151 (Market Maker Obligations)

[10] The Exchange will notify Market Makers of the minimum prior notice period required for withdrawal as well as any conditions on withdrawal and re-registration via Information Circular.

The Exchange would retain the existing provisions of the rule governing the Two-Sided Obligation, pricing obligations, bid and offer quotation requirements, the Designated Percentage and Defined Limit framework, MPID provisions, firm quotations, impaired quotation ability, and locked and crossed markets and renumber those paragraphs to accommodate several new provisions. The proposed new provisions are: (a) a general obligations preamble enumerating specific Market Maker duties; (b) a provision establishing Market Maker responsibility for its MMAT's acts and omissions; and (c) a provision addressing disciplinary consequences for failure to engage in a course of dealings. Each new provision is discussed below.

Proposed Rule 11.151(a) provides that a member registered as a Market Maker in one or more Non-LTSE-Primary-Listed Securities traded on the Exchange shall engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets. The proposed rule enumerates five specific responsibilities that flow from this obligation: (1) maintaining continuous two-sided quotations consistent with the requirements of Rule 11.151(d); (2) remaining in good standing with the Exchange and in compliance with all applicable Exchange Rules; (3) informing the Exchange of any material change in financial or operational condition or personnel; (4) maintaining a current list of MMATs who are permitted to enter orders on behalf of the Market Maker and providing updated versions to the Exchange upon any change; and (5) clearing and settling transactions through the facilities of a registered clearing agency, whether by direct participation, direct clearing services, or correspondent clearing arrangement.[11]

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[11] Cboe BZX Rule 11.8(a) (Obligations of Market Makers) is substantially similar to this rule, except that LTSE's proposed rule is limited to the Member being registered as a Market Maker in one or more Non-LTSE-Primary-Listed Securities traded on the Exchange and Cboe BZX's rule applies to all securities traded on the exchange.

Proposed Rule 11.151(b) provides that a Market Maker shall be responsible for the acts and omissions of its MMATs.[12] The proposed provision makes that accountability explicit in the LTSE Rules: because individual MMATs are authorized to enter orders on behalf of a Market Maker, the Market Maker firm retains supervisory responsibility and legal accountability for those individuals' conduct. This accountability is consistent with general supervisory responsibility principles applicable to broker-dealers under the Act and reflects the Exchange's codification of that responsibility rather than relying solely on general supervisory rules.[13]

Proposed Rule 11.151(c) provides that if the Exchange finds any substantial or continued failure by a Market Maker to engage in a course of dealings as specified in Rule 11.151(a), such Market Maker will be subject to disciplinary action, including, without limitation, suspension or revocation of registration in one or more securities. The provision also preserves all Exchange powers under the By-Laws, Rules, and procedures of the Exchange and provides that any Member aggrieved by a determination under Rule 11.151 may seek review under Chapter 9 of the Exchange Rules.[14]

Proposed Rules 11.151(d) through 11.151(h) carry forward the substantive content of existing Rules 11.151(a) through 11.151(e), respectively, renumbered to accommodate the new provisions described above. No changes are made to the substance of the Two-Sided Obligation, pricing obligations (except as discussed below), bid and offer quotation requirements, the Designated Percentage and Defined Limit framework, MPID provisions, firm quotation

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12 This is identical to Cboe BZX 11.8(b). See also MEMX Rule 11.20(b).

13 See, e.g., Sections 15(b)(4)(E) and 15(b)(6) of the Act.

14 This provision is consistent with Cboe BZX Rule 11.8(c), which similarly provides for Exchange action against market makers that fail to meet their obligations; the LTSE proposed provision differs only with respect to specific cross-references to rules.

requirements (except as discussed in the footnote),[15] impaired quotation provisions, or locked and crossed market provisions. The renumbering updates all internal cross-references within Rule 11.151 to conform to the new paragraph structure and updates to outdated terms and cross-references to other rules in the rulebook. Three new sub-provisions are added to the Two-Sided Obligation section in proposed Rule 11.151(d)(1): subparagraph (A) provides that the duration of an Exchange system failure shall not be counted against the Market Maker's compliance with the quoting standard; subparagraph (B) provides that the continuous quoting obligation is suspended during trading halts, suspensions, or pauses (and shall not recommence until after the first regular-way transaction on the primary listing market), and is also suspended for the duration of any Limit State[16] or Straddle State;[17] and subparagraph (C) provides that the Exchange may consider other exceptions to the Two-Sided Obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances. Sub-provisions (A), (B), and (C) are consistent with corresponding provisions in Cboe BZX Rules 11.8(d)(1)(A)-(C).[18] The Designated Percentage and Defined Limit thresholds carried forward in proposed Rule 11.151(d)(6) and (7) are unchanged from the thresholds in current LTSE Rule 11.151.[19]

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15 In proposed Rule 11.151(e), the Exchange proposes an updating change, replacing the term Anti-Internalization Group Identifier ("AGID") modifier with Self Trade Protection ("STP") modifier. This update corresponds to a change in self trade functionality used by the Exchange. See Securities Exchange Act Release Nos. 100783 (August 20, 2024), 89 FR 68481 (August 26, 2024) (SR-LTSE-2024-03) (order approving the proposal); and 100205 (May 21, 2024), 89 FR 46225, 46235 (May 28, 2024) (SR–LTSE–2024–03) (notice of, among other changes, the proposal to replace the AGID modifier with the STP modifier).

16 The term "Limit State" is defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act.

17 The term "Straddle State" is defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act.

18 See also Cboe EDGA Exchange, Inc. Rules 11.20(d)(1)(A)-(C); Cboe EDGX Exchange, Inc. Rules 11.20(d)(1)(A)-(C); Cboe BYX Exchange, Inc. Rules 11.8(d)(1)(A)-(C).

19 The thresholds under BZX's rules differ, reflecting BZX's own market structure calibration.

Proposed New Rule 11.152 (Obligations of Market Maker Authorized Traders)

To operationalize LTSE's Market Maker rules, the Exchange proposes to add new Rule 11.152, which governs the registration and obligations of MMATs.[20] This rule is substantially similar to Cboe BZX Rule 11.6 (Obligations of Market Maker Authorized Traders), differing only with respect to cross-references to other LTSE Rules, including the reference in proposed Rule 11.152(b)(2) to the proficiency and continuing education requirements applicable to Authorized Traders under LTSE Rule 2.160. The Exchange's current rules do not expressly provide for MMATs.[21] In contrast, proposed Rule 11.152 expressly permits Market Makers to trade via MMATs and establishes registration procedures, eligibility requirements, and delineates suspension and withdrawal criteria and procedures.

Proposed Rule 11.152(a) provides that MMATs are permitted to enter orders only for the account of the Market Maker for which they are registered, establishing that the MMAT role is a principal account trading function. Rule 11.152(b) provides that the Exchange may, upon receiving a written application from a Market Maker on a prescribed form, register a person as a MMAT. MMATs may be officers, partners, employees, or other associated persons of Members registered with the Exchange as Market Makers. To be eligible for registration, a person must successfully complete proficiency examinations and continuing education requirements applicable to Authorized Traders under Rule 2.160 and any additional training and certification programs required by the Exchange. The Exchange may require a Market Maker to provide additional information it deems necessary to evaluate whether registration should be granted and

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20 This rule is substantially similar to Cboe BZX Rule 11.6 (Obligations of Market Maker Authorized Traders), differing only with respect to LTSE-specific cross-references. Additionally, the Exchange proposes to renumber current Rules 11.152 and 11.154 as proposed Rules 11.154 and 11.155, respectively, to accommodate the addition of 2 new proposed rules and the proposed deletion of current Rule 11.153.

21 Arguably, MMATs may be permitted implicitly under LTSE Rule 11.150(a), which allows the entry of quotations and quotation sizes by an "entity approved by LTSE to function in a market-making capacity."

may grant conditional registration subject to conditions it considers appropriate in the interest of maintaining a fair and orderly market. Rule 11.152(b)(5) places an affirmative obligation on the Market Maker firm to ensure that each MMAT is properly qualified to perform market making activities.

Proposed Rule 11.152(c) provides that the Exchange may suspend or withdraw MMAT registration if it determines that: (A) the MMAT has caused the Market Maker to fail to comply with applicable securities laws or Exchange Rules; (B) the MMAT is not properly performing MMAT responsibilities; (C) the MMAT has failed to meet registration conditions; or (D) the MMAT has failed to maintain fair and orderly markets. If the Exchange suspends MMAT registration, the Market Maker must not allow the MMAT to submit orders into the System. MMAT registration is withdrawn upon the written request of the sponsoring Market Maker Member submitted on the Exchange's prescribed form.

<u>Proposed New Rule 11.153 (Registration of Market Makers in a Security)</u>

The Exchange proposes to adopt new Rule 11.153 governing the security-level registration of Market Makers.[22] This rule addresses how a Member, once registered as a Market Maker at the firm level under Rule 11.150, becomes authorized to make markets in specific securities.

Proposed Rule 11.153(a) provides that a Market Maker may become registered in a newly authorized security or in a security already admitted to dealings on the Exchange by filing a security registration form with the Exchange. Registration in the security becomes effective on the same day as the Exchange's approval, unless otherwise provided by the Exchange. In considering approval, the Exchange may take into account: (1) the financial resources available

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22 This proposed rule is substantially similar to Cboe BZX Rule 11.7 (Registration of Market Makers in a Security), differing only with respect to LTSE-specific cross-references.

to the Market Maker; (2) the Market Maker's experience, expertise, and past performance in making markets, including its performance in other securities; (3) operational capability; (4) the maintenance and enhancement of competition among Market Makers in each security; (5) the existence of satisfactory clearing arrangements; and (6) the character of the market for the security, including price, volatility, and relative liquidity.

Proposed Rule 11.153(b) provides that a Market Maker may voluntarily terminate its registration in a security by providing written notice of termination to the Exchange, subject to any minimum prior notice period or other conditions the Exchange may require in the interest of maintaining fair and orderly markets. A Market Maker that fails to provide advance written notice may be subject to formal disciplinary action under Chapter 9 of the LTSE Rules.

Proposed Rule 11.153(c) provides that the Exchange may suspend or terminate any Market Maker's registration in a security whenever it determines that: (1) the Market Maker has not met any of its obligations as set forth in the LTSE Rules; or (2) the Market Maker has failed to maintain fair and orderly markets.[23]

Proposed Rule 11.153(d) preserves all other powers of the Exchange under the By-Laws, Rules, and procedures of the Exchange with respect to the registration of a Market Maker and with respect to any violation by a Market Maker of the provisions of the Rule. These provisions are consistent with the corresponding review and reservation-of-authority provisions in Cboe BZX Rule 11.7(d), and parallel the analogous provisions the Exchange proposed at the firm level in Rules 11.150(e) and 11.151(c).

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[23] In addition to suspending a Market Maker's registration in a security, under current Rule 11.154 (proposed Rule 11.155), LTSE may suspend, condition, limit, prohibit, or terminate the authority of a Market Maker (or Member) to enter quotations in one or more authorized securities for violations of applicable requirements or prohibitions. These two available remedies are distinct.

Amendments to Proposed Rule 11.154 (Withdrawal of Quotations)

The Exchange proposes to update cross-references in paragraphs (d) and (g) to reflect the proposed renumbering discussed above and the proposed deletion of current Rule 11.153 discussed below.

Deletion of Current Rule 11.153 (Voluntary Termination of Registration)

Current Rule 11.153 sets forth the procedures for a Market Maker to voluntarily terminate its registration in a security,[24] provides for the Exchange to reinstate a registration where withdrawal was accidental,[25] and specifies a Market Maker's avenue for review of its reinstatement denial.[26] The Exchange proposes to delete this rule because, as discussed above, proposed Rule 11.153(b) governs the voluntary termination of a Market Maker's registration in a security.[27]

(b) Statutory Basis

The proposed rule change is consistent with the provisions of Sections 6 and 19 of the Act[28] generally, and is consistent with the particular provisions of the Act discussed below. Before analyzing the proposed rules specifically, the Exchange makes four general points about the proposed rule change's consistency with the Act.

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24 See LTSE Rules 11.153(a) and (d).

25 See LTSE Rules 11.153(b) and (c). LTSE Rule 11.153(b) specifies certain reinstatement eligibility requirements. See LTSE Rule 11.153(b)(3)-(5). LTSE Rule 11.153(c) enumerates the factors that the Exchange will consider in granting reinstatement.

26 See LTSE Rule 11.153(e).

27 Unlike current Rules 11.153(b) and (c), proposed Rule 11.153(b) does not contemplate accidental withdrawal. Accidental withdrawal was reasonably foreseeable under the current rule, which provided for withdrawal simply by a Market Maker withdrawing its two-sided quote. See Rule 11.153(a). In contrast, the method of voluntary withdrawal under proposed Rule 11.153(b) is mindful: written notice is required. Accordingly, the Exchange believes that a process for reinstatement after accidental withdrawal is unnecessary.

28 15 U.S.C. 78f and 15 U.S.C. 78s, respectively.

First, the proposed rule change creates a workable framework that will allow the Exchange to attract and monitor Market Makers who promote additional displayed liquidity on the Exchange. More specifically, the proposed rule change establishes a comprehensive, transparent framework for registering and overseeing Market Makers and MMATs and allowing Market Makers to register in particular securities. Because Market Makers are – and would be – required to maintain two-sided quotations that facilitate continuous trading and improve execution quality and, as dedicated liquidity providers Market Makers may help absorb market imbalances and reduce extreme price volatility, the proposed rule change advances the objectives of Section 6(b)(5) of the Act[29] to remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors and the public interest.

Second, the Exchange believes that the proposed rule change removes impediments to and perfects the mechanism of a free and open market and a national market system, and fosters cooperation and coordination with persons engaged in facilitating transactions in securities, by harmonizing the Exchange's market maker framework with the substantially similar, previously approved framework of another national securities exchange. Harmonization reduces regulatory divergence across exchanges and the associated compliance burden for Members that conduct market making activity on multiple venues, and provides Members with a familiar framework based on rules that have already been approved by the Commission and have been operating within the national market system.[30]

Third, the proposed rule change is consistent with Section 6(b)(5) of the Act in that it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The

[29] 15 U.S.C. 78f(b)(5).

[30] In the ways discussed above, the proposed rule change is consistent with the rules of other national securities exchanges, including Cboe BZX and MEMX.

proposed rule change would not change the scope of securities eligible for market making, and therefore does not discriminate among issuers: a Market Maker may register in one or more Non-LTSE- Primary-Listed Securities,[31] and all securities traded on the Exchange are Non-LTSE-Primary- Listed Securities.[32] The proposed rule change does not unfairly discriminate among brokers or dealers.[33] The proposed criteria for registering as a Market Maker apply equally to all Members, and the Exchange would apply the factors in a manner consistent with the Act and the Exchange's rules.

Fourth, aspects of the proposed rule change are consistent with Sections 6(b)(1) and 19(g) of the Act in that they will assist the Exchange in complying with its rules. For example, the proposal includes updating cross-references (proposed Rules 9.218(f)), 11.151(d)(12), 11.151(d)(13), and 11.154(g)). In addition, the proposed new definitions in Rule 1.160 will provide clarity that will facilitate consistent interpretation of the proposed rules in LTSE Rule Series 11.100.

Proposed Rule 11.150 (Registration as a Market Maker).[34] The proposed framework for registering Market Makers set forth in proposed Rule 11.150 protects investors and the public interest and promotes just and equitable principles of trade, consistent with Section 6(b)(5) of the Act, by ensuring that only qualified Members are authorized to perform market making activities on the Exchange. In particular, the application and review requirements of proposed Rule 11.150(a), the minimum net capital requirement that conforms to Rule 15c3-1 under the Act, the

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31 See proposed Rule 11.151(a).

32 See supra note 4.

33 See proposed Rule 11.150(f) (designating all registered Market Makers as dealers on the Exchange for all purposes under the Act and the rules and regulations thereunder). This provision is found in the rulebooks of many national securities exchanges. See, e.g., NYSE American Rule 7.20E(a); MIAX Pearl Rule 600(i).

34 Proposed Rule 11.150 is substantially similar to Cboe BZX Rule 11.5.

approval-based effectiveness model of Rule 11.150(b), and the suspension and termination grounds of Rule 11.150(c) are each designed to ensure that a Member granted Market Maker status has the capital, operational capability, personnel, and regulatory history necessary to perform a market making function consistent with the maintenance of fair and orderly markets.

Additionally, the right of review under Chapter 9 of the Exchange Rules provided for in proposed Rule 11.150(e) ensures that Market Makers have a fair process for challenging adverse Exchange determinations. This proposed provision is consistent with Section 6(b)(7) of the Act, which requires (in pertinent part) that the rules of an exchange provide a fair procedure for the disciplining of members and persons associated with members.

Proposed Rule 11.151 (Market Maker Obligations).[35] Consistent with Section 6(b)(5) of the Act, the proposed Market Maker obligations framework set forth in proposed Rule 11.151 protects investors and the public interest by codifying the affirmative obligations of Market Makers, including the general course-of-dealings obligation in proposed Rule 11.151(a), the firm-level supervisory responsibility for MMATs in proposed Rule 11.151(b), and the disciplinary consequences for failure to engage in a course of dealings in proposed Rule 11.151(c). Proposed Rule 11.151(b), which provides that a Market Maker shall be responsible for the acts and omissions of its MMATs, is consistent with consistent with general supervisory responsibility principles applicable to broker-dealers under Sections 15(b)(4)(E) and 15(b)(6) of the Act. The three new sub-provisions to the Two-Sided Obligation in proposed Rule 11.151(d)(1)(A), (B), and (C) are substantially similar to rules of other national securities exchanges that have been previously approved by the Commission.[36]

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35 Proposed Rule 11.151 is substantially similar to Cboe BZX Rule 11.8

36 See supra note 18 and accompanying text.

In addition, proposed Rule 11.151(c) ensures that Market Makers have a fair process for challenging adverse Exchange determinations, and therefore is consistent with Section 6(b)(7) of the Act, which requires (in pertinent part) that the rules of an exchange provide a fair procedure for the disciplining of members and persons associated with members.

Proposed Rule 11.152 (Obligations of MMATs).[37] The proposed framework for registering MMATs set forth in proposed Rule 11.152 protects investors and the public interest and promotes just and equitable principles of trade consistent with Section 6(b)(5) of the Act by ensuring that only qualified persons may effect market making activity on behalf of Market Makers. Additionally, the proposed individual-level registration framework for MMATs protects investors and the public interest by ensuring that persons authorized to enter orders on behalf of Market Makers meet minimum qualification standards. The proficiency examination and continuing education requirements of proposed Rule 11.152(b)(2), which apply the requirements applicable to Authorized Traders under LTSE Rule 2.160, the conditional registration authority of Rule 11.152(b)(4),) and the suspension and withdrawal standards in proposed Rule 11.152(c) are each designed to ensure that individual market making activity on the Exchange is performed by qualified personnel and to provide the Exchange with appropriate authority to address conduct that poses a risk to fair and orderly markets.

Proposed Rule 11.153 (Registration of Market Makers in a Security).[38] The Exchange believes that the proposed security-level registration framework set forth in Rule 11.153 protects investors and the public interest and promotes just and equitable principles of trade by establishing a clear process for a Market Maker to become registered in specific

[37] Proposed Rule 11.152 is substantially similar to Cboe BZX Rule 11.6.

[38] Proposed Rule 11.153 is substantially similar to Cboe BZX Rule 11.7.

securities, by enumerating the factors the Exchange may consider in reviewing such registration, and by establishing express grounds for voluntary termination and Exchange-initiated suspension or termination of security-level registration. The right of review under Chapter 9 of the Exchange Rules provided for in Rule 11.150(e) ensures that Market Makers have a fair process for challenging adverse Exchange determinations, consistent with Section 6(b)(7) of the Act, which requires (in pertinent part) that the rules of an exchange provide a fair procedure for the disciplining of members and persons associated with members.

Proposed Deletion of Current Rule 11.153 (Voluntary Termination of Registration). The proposed deletion of current Rule 11.153 is consistent with Sections 6(b)(1) and 19(g) of the Act in that it will assist the Exchange in complying with its rules. As discussed above, proposed Rule 11.153(b), which is substantively identical to the rule of another national securities exchange,[39] governs the voluntary termination of security registration and thus deleting current Rule 11.153 would prevent confusion arising out of contradictory provisions.

For these reasons, the Exchange believes that the proposed rule change is consistent with the Act and does not raise any new or novel material issues that have not already been considered by the Commission.[40]

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

The proposed rule change is designed to establish a comprehensive, transparent framework for registering and overseeing Market Makers and MMATs. As described in Items

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39 See Cboe BZX Rule 11.7(b).

40 The proposed rule change is consistent with Section 6(b)(4) of the Act, which requires that the Exchange's rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. No new benefits are being proposed for Market Makers.

3(a) and 3(b) above, the proposed rules are in large part similar to previously approved rules of other national securities exchanges.

The Exchange does not believe that the proposed rule change imposes any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed Market Maker registration requirements of Rule 11.150, the Market Maker obligations of Rule 11.151, the MMAT registration requirements of Rule 11.152, and the security-level registration requirements of Rule 11.153 apply on a uniform, non-discriminatory basis to all Members that seek to become Market Makers, to all individuals that seek to register as MMATs, and to all Members that seek to register in particular securities.

The Exchange operates in a highly competitive environment and competes with other national securities exchanges and other trading venues for order flow in the securities it trades.[41] The Exchange does not believe that the proposed rule change imposes any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, by harmonizing the Exchange's market maker framework with the substantially similar, previously approved framework of another national securities exchange, the proposed rule change reduces regulatory divergence across exchanges and the associated compliance burden for Members that conduct market making activity on multiple venues. Adoption of a framework based on familiar rules that have already been approved by the Commission[42] allows the Exchange to compete more effectively with other trading venues in attracting Members willing to perform market making functions. To the extent the Market Maker program enables the Exchange to enhance the market quality of Non-LTSE-Primary-Listed Securities traded on

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41 As noted above, see supra note 4, only Non-LTSE-Primary-Listed Securities are traded on the Exchange.

42 See supra note 30, and accompanying text.

the Exchange, the proposed rule change is procompetitive: it equips the Exchange to compete more effectively with other trading venues that trade those same securities by improving the quality of executions available to investors on the Exchange.

For the foregoing reasons, the Exchange does not believe that the proposed rule change raises any substantial competitive issues, and the Exchange does not believe the proposed rule change 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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[43] and subparagraph (f)(6) of Rule 19b-4 thereunder.[44]

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act[45] normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)[46] permits the Commission to designate a shorter time if such action is consistent with the

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43 15 U.S.C. 78s(b)(3)(A)(iii).

44 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

45 17 CFR 240.19b-4(f)(6).

46 17 CFR 240.19b-4(f)(6)(iii).

protection of investors and the public interest. The Exchange requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that it plans to launch its Market Maker program on October 1, 2026 and that waiver of the operative delay would permit timely commencement of this initiative, which is designed to improve quoting and displayed liquidity on the Exchange. In addition, the Exchange's proposed rules are substantially similar to the rules of other national securities exchanges.[47] For these reasons, and because the proposed rule change raises no new or novel legal or regulatory issues, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.[48]

At any time within 60 days of the filing of the 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 would otherwise further the purposes of the Act.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or

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47 See e.g., supra notes 34-38 and accompanying text.

48 For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-LTSE-2026-21 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-2026-21. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of LTSE and on its Internet website at https://longtermstockexchange.com/. 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-2026-21 and should be submitted on or before [INSERT DATE 21 DAYS AFTER PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[49]

Sherry R. Haywood,

Assistant Secretary.

[49] 17 CFR 200.30-3(a)(12), (59).