SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106934; File No. SR-LTSE-2026-29]

Self-Regulatory Organizations: Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt New Rule 11.159 to Enable Members to Designate Certain Orders They Submit to the Exchange on Behalf of Retail Customers to Be Identified as Retail Orders to the Exchange

November 19, 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 November 10, 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 adopt new Rule 11.159 to enable Members to designate certain orders they submit to the Exchange on behalf of retail customers to be identified as retail orders. Under the proposed rule change, the Exchange would create a new class of market participant for any Member that satisfies the requirements under proposed Rule 11.159 called a Retail Member Organization ("RMO"), which would be eligible to submit certain retail order flow ("Retail Orders") to the Exchange. Specifically, proposed Rule 11.159 would: (1) define a Retail Order and RMO; (2) set forth a RMO's

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

2 17 CFR 240.19b-4.

qualification and application requirements and the Exchange's approval process; (3) outline procedures for when a RMO fails to abide by the Retail Order requirements; and (4) outline the procedures under which a Member may appeal the Exchange's decision to disapprove it or disqualify it as a RMO. Proposed Rule 11.159 is based on and is almost identical to MEMX LLC ("MEMX") Rule 11.21.[3]

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

The Exchange proposes to adopt new Rule 11.159 to enable Members to designate certain orders they submit to the Exchange on behalf of retail customers to be identified as retail orders. Under the proposed rule change, the Exchange would create a new class of market participant for any Member that satisfies the requirements under proposed Rule 11.159 called a Retail Member Organization ("RMO"), which would be eligible to submit certain retail order flow ("Retail Orders") to the Exchange. Specifically, proposed Rule 11.159 would: (1) define a

[3] See Securities Exchange Act Release No. 90278 (October 28, 2020), 85 FR 69671 (November 3, 2020) (SR-MEMX-2020-13).

Retail Order and RMO; (2) set forth a RMO's qualification and application requirements and the Exchange's approval process; (3) outline procedures for when a RMO fails to abide by the Retail Order requirements; and (4) outline the procedures under which a Member may appeal the Exchange's decision to disapprove it or disqualify it as a RMO. Proposed Rule 11.159 is based on and is almost identical to MEMX LLC ("MEMX") Rule 11.21.[4]

Definitions. The Exchange proposes to adopt the following definitions under proposed Rule 11.159(a). The term "Retail Member Organization" or "RMO" would be defined as a Member (or a division thereof) that has been approved by the Exchange to submit Retail Orders. The term "Retail Order" would be defined as an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a RMO, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.

RMO Qualifications and Approval Process. Under proposed Rule 11.159(b), any Member could qualify as a RMO if it conducts a retail business or routes retail orders on behalf of another broker-dealer. Proposed Rule 11.159(b)(1) makes clear that a RMO that carries retail customer accounts on a fully disclosed basis would be considered to conduct a retail business for purposes of the rule. The qualification standards and approval process under proposed Rule 11.159(b) are designed to ensure that Members are properly qualified as a RMO and only designate as Retail Orders those orders that meet the definition of Retail Orders under proposed Rule 11.159(a)(2) described above. Any Member that wishes to obtain RMO status would be

[4] See Securities Exchange Act Release No. 90278 (October 28, 2020), 85 FR 69671 (November 3, 2020) (SR-MEMX-2020-13).

required to submit: (1) an application form; (2) supporting documentation sufficient to demonstrate the retail nature and characteristics of the applicant's order flow;[5] and (3) an attestation, in a form prescribed by the Exchange, that substantially all orders submitted by the Member as a Retail Order will qualify as such under proposed Rule 11.159(b).

Under proposed Rule 11.159(b)(6), a RMO would be required to have written policies and procedures reasonably designed to assure that it will only designate orders as Retail Orders if all requirements of a Retail Order are met. Such written policies and procedures must require the Member to: (1) exercise due diligence before entering a Retail Order to assure that entry as a Retail Order is in compliance with the requirements of proposed Rule 11.159; and (2) monitor whether orders entered as Retail Orders meet the applicable requirements. If the RMO does not itself conduct a retail business but routes Retail Orders on behalf another broker-dealer, the RMO's supervisory procedures must be reasonably designed to assure that the orders it receives from such other broker-dealer that it designates as Retail Orders meet the definition of a Retail Order. Such a RMO must: (1) obtain an annual written representation, in a form acceptable to the Exchange, from each other broker-dealer that sends it orders to be designated as Retail Orders that entry of such orders as Retail Orders will be in compliance with the requirements of proposed Rule 11.159; and (2) monitor whether Retail Order flow routed on behalf of such other broker-dealers continues to meet the applicable requirements.[6]

Pursuant to proposed Rule 11.159(b)(2), to apply for RMO status, a Member must submit: (A) an application form; (B) supporting documentation, which may include sample

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5 For example, a prospective RMO could be required to provide sample marketing literature, website screenshots, other publicly disclosed materials describing the retail nature of their order flow, and such other documentation and information as the Exchange may require to obtain reasonable assurance that the applicant's order flow would meet the requirements of the Retail Order definition.

6 The Exchange or another self-regulatory organization on behalf of the Exchange will review a RMO's compliance with these requirements through an exam-based review of the RMO's internal controls.

marketing literature, website screenshots, other publicly disclosed materials describing the Member's retail order flow, and any other documentation and information requested by the Exchange in order to confirm that the applicant's order flow would meet the requirements of the Retail Order definition; and (C) an attestation, in a form prescribed by the Exchange, that substantially all orders submitted as Retail Orders will qualify as such under the proposed rule. After an applicant submits those materials, the Exchange shall notify the applicant of its decision in writing. If the Exchange disapproves a Member's application to be a RMO, the Exchange would provide a written notice to the Member.[7] The disapproved applicant could appeal the disapproval by the Exchange as provided in proposed Rule 11.159(d) and/or reapply for RMO status 90 days after the disapproval notice is issued by the Exchange.[8] An RMO also could voluntarily withdraw from such status at any time by giving written notice to the Exchange.[9]

As described above, under proposed Rule 11.159(b), any Member could qualify as a RMO if it conducts a retail business or routes retail orders on behalf of another broker-dealer, and Proposed Rule 11.159(b)(1) makes clear that a RMO that carries retail customer accounts on a fully disclosed basis would be considered to conduct a retail business for purposes of the rule. The Exchange proposes to distinguish a RMO's routing services on behalf of another broker-dealer from services provided by a RMO that carries retail customer accounts on a fully disclosed basis, as described below. As background with respect to this aspect of the proposed change, the Exchange first would like to describe the terms "introducing broker", "carrying firm" or "carrying broker-dealer", and "fully disclosed," as such terms are commonly used in the securities industry.

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7 See proposed Rule 11.159(b)(3) (the Exchange shall notify the applicant of its decision in writing).

8 See proposed Rule 11.159(b)(4).

9 See proposed Rule 11.159(b)(5).

> An introducing broker-dealer is "one that has a contractual arrangement with another firm, known as the carrying or clearing firm, under which the carrying firm agrees to perform certain services for the introducing firm. Usually, the introducing firm submits its customer accounts and customer orders to the carrying firm, which executes the orders and carries the account. The carrying firm's duties include the proper disposition of the customer funds and securities after the trade date, the custody of customer securities and funds, and the recordkeeping associated with carrying customer accounts.[10]

Further, a "fully disclosed" introducing arrangement is

> distinguished from an omnibus clearing arrangement where the clearing firm maintains one account for all the customer transactions of the introducing firm. In an omnibus relationship, the clearing firm does not know the identity of the customers of the introducing firm. In a fully disclosed clearing arrangement, the clearing firm knows the names, addresses, securities positions and other relevant data as to each customer.[11]

With respect to a broker-dealer that is routing on behalf of another broker-dealer, the Exchange does not believe that the routing broker-dealer has sufficient information to assess whether orders are truly retail in nature, and thus, requires a RMO routing on behalf of other broker-dealers to maintain additional supervisory procedures and obtain annual attestations, as described above, in order to submit Retail Orders to the Exchange. In contrast, however, if a broker-dealer is carrying a customer account on a fully disclosed basis, then such carrying broker-dealer is required to perform certain diligence regarding such account that the Exchange believes is sufficient to assess whether a customer is a retail customer in order to submit orders on behalf of such a customer to the Exchange as a Retail Order. The carrying broker of an account typically handles orders from its retail customers that are "introduced" by an introducing broker. However, as noted above, in contrast to a typical routing relationship on behalf of another broker-dealer, a carrying broker does obtain a significant level of information regarding each

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[10] Securities Exchange Act Release No. 31511 (November 24, 1992), 57 FR 56973, 56978 (December 2, 1992) (S7-28-89).

[11] Id.

customer introduced by the introducing broker. Accordingly, the Exchange states in proposed Rule 11.159(b)(1) that for purposes of Rule 11.159, "conducting a retail business shall include carrying retail customer accounts on a fully disclosed basis."

Failure of RMO to Abide by Retail Order Requirements. Proposed Rule 11.159(c) addresses a RMO's failure to abide by Retail Order requirements. If a RMO designates orders submitted to the Exchange as Retail Orders and the Exchange determines, in its sole discretion, that those orders fail to meet any of the requirements of Retail Orders, the Exchange may disqualify a Member from its status as a RMO. When disqualification determinations are made, the Exchange would provide a written disqualification notice to the Member. A disqualified RMO could appeal the disqualification provided in proposed Rule 11.159(d) and/or reapply for RMO status 90 days after the disqualification notice issued by the Exchange.

Appeal of Disapproval or Disqualification. Proposed Rule 11.159(d) provides appeal rights to Members. If a Member disputes the Exchange's decision to disapprove it as a RMO under proposed Rule 11.159(b) or disqualify it under proposed Rule 11.159(c), such Member may request, in writing, within five business days after notice of the decision is issued by the Exchange, that the Retail Member Organization Panel ("RMO Panel") review the decision to determine if it was correct. The RMO Panel would consist of the Exchange's Chief Regulatory Officer ("CRO"), or a designee of the CRO, and two officers of the Exchange designated by the Exchange's Chief Executive Officer. The RMO Panel would review the facts and render a decision within the time frame prescribed by the Exchange. The RMO Panel could overturn or modify an action taken by the Exchange and all determinations by the RMO Panel would constitute final action by the Exchange on the matter at issue.

Implementation. The Exchange notes that, under the proposed rule change, an order involving any Regulation NMS security traded on the Exchange that meets the definition of Retail Order would be eligible to be designated as such by a RMO. The Exchange also notes that orders designated as Retail Orders would only be designated as such to the Exchange and would not be designated as such on the Exchange's market data feeds or otherwise identifiable as Retail Orders by any market participants or the public. Further, the Exchange notes that orders designated as Retail Orders would be handled in the exact same way under the Exchange's rules as if such orders were not designated as Retail Orders. In other words, the designation of an order as a Retail Order would not in any way affect the priority or other handling procedures applicable to such order under the Exchange's rules.

The purpose of enabling RMOs to designate orders as Retail Orders to the Exchange under the proposed rule change is so the Exchange may identify and track orders designated as such, which the Exchange believes will be useful for it in considering potential pricing modifications to such orders as it continues to evaluate its pricing structure. The Exchange further believes that the proposed rule change would enable the Exchange to have the appropriate mechanisms and processes in place to implement any differentiated pricing for Retail Orders if and when the Exchange proposes to do so in the future. The Exchange notes that, at some point following the adoption and implementation of proposed Rule 11.159 as described in this proposed rule change, the Exchange may separately propose to amend its fee schedule to adopt a specific fee code for Retail Orders to be provided on a RMO's execution reports and/or to provide differentiated pricing for Retail Orders, which the Exchange believes would attract additional retail order flow to the Exchange, thereby providing the benefits of exchange transparency, regulation, and oversight to more retail orders. The Exchange believes that the

proposed rule change would allow it to be organized with the appropriate infrastructure (i.e., mechanisms and processes) in advance of any such proposal, and as such, would allow the Exchange to more quickly implement any such differentiated pricing.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act[12] in general, and the proposed adoption of new Rule 11.159 furthers the objectives of Section 6(b)(5) of the Act[13] in particular in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes that the proposed rule change is consistent with these principles because it would increase competition among execution venues by enabling the Exchange to implement future pricing changes to encourage the submission of additional Retail Orders to the Exchange. As the Commission is aware, a significant percentage of the orders of retail investors are executed over-the-counter.[14] The Exchange believes that it is appropriate to put in place the mechanisms and processes to enable the Exchange to subsequently offer any differentiated pricing for Retail Orders as the Exchange believes that such pricing could incentivize market participants to bring more retail order flow to the Exchange, thereby providing the benefits of exchange transparency, regulation, and oversight to more retail orders.

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12 15 U.S.C. 78f.

13 15 U.S.C. 78f(b)(5).

14 See Securities Exchange Act Release No. 105655 (June 11, 2026), 91 FR 36656, 36668 n.175 (June 17, 2026) (S7–2026–20) ("...most marketable retail orders do not directly interact with protected quotes. The majority of marketable retail orders are instead internalized off-exchange").

The Exchange also believes its proposed qualification standards and review process under proposed Rule 11.159 promote just and equitable principles and are not unfairly discriminatory because they are designed to ensure that Members are properly qualified as RMOs and only designate as Retail Orders those orders that meet the definition of Retail Orders under proposed Rule 11.159(a)(1). The qualification process proposed herein by the Exchange is not designed to permit unfair discrimination, but rather ensure that orders that are designated as Retail Orders are, in fact, orders submitted by a retail customer that satisfy the proposed definition of Retail Order. Lastly, the Exchange notes that, as discussed below, the proposed qualification provisions are identical to those included in MEMX Rule 11.21 and the review provisions are almost identical to those included in MEMX Rule 11.21. Additionally, the proposed qualification and review provisions are substantially similar to those included in the rules of Cboe BZX, Cboe EDGX, Cboe BYX, and Nasdaq Texas (defined below).[15]

Distinguishing a RMO's routing services on behalf of another broker-dealer from services provided by a RMO that carries retail customer accounts on a fully disclosed basis in proposed Rule 11.159(b)(1) is designed to prevent fraudulent and manipulative acts and practices because it highlights the parties for whom additional procedures are required because they do not maintain relationships with the end customer (i.e., routing brokers) and still requires the RMO to follow such procedures to ensure that such orders qualify as Retail Orders. As proposed, however, a RMO would not be required to follow such procedures, including obtaining annual attestations, to the extent such RMO actually knows the end customer and carries the account of such customer and thus can itself confirm that the orders qualify as Retail Orders. The Exchange believes that this aspect of the proposed rule change will remove impediments to and perfect the

[15] Proposed Rule 11.159 is compared below to the comparable rules of other national securities exchanges.

mechanism of a free and open market and a national market system because it will allow RMOs that carry retail customer accounts to designate Retail Orders as such without imposing additional attestation requirements that the Exchange believes are not necessary for such RMOs, as described above.

The proposed rule change does not raise any issues under the Exchange Act that have not been previously addressed by the Commission. As stated above, proposed Rule 11.159 is based on and is almost identical to MEMX Rule 11.21. The proposed rule differs from the MEMX rule in only one respect: proposed Rule 11.159(d)(1) provides that any request to appeal the Exchange's decision to disapprove or disqualify RMO status must be made *in writing*. Additionally, the proposed rule is substantially similar to Cboe BZX Exchange, Inc. ("Cboe BZX") Rule 11.25.[16] Specifically, proposed Rule 11.159 is nearly identical to paragraphs (a)-(d) of Cboe BZX Rule 11.25, with the only differences being: (1) the name of the RMO Panel; (2) the deletion of a defined term not otherwise used in the rule; (3) that the Exchange's Chief Executive Officer, rather than Chief Information Officer, designates two officers to serve on the RMO Panel; and (4) the Cboe BZX rule (like MEMX's rule) does not require that requests to appeal the exchange's decision to disapprove or disqualify RMO status be made in writing. Cboe BZX Rule 11.25 otherwise differs from the proposed rule in that Cboe BZX's rule contains a separate paragraph (e) that allows a RMO to designate a Retail Order to be identified as such on Cboe BZX's proprietary data feeds. As noted above, proposed Rule 11.159 would not allow a RMO to designate a Retail Order to be identified as such on the Exchange's market data feeds. Lastly, proposed Rule 11.159 is also substantially similar to the existing rules of several other

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16 See Securities Exchange Act Release Nos. 73237 (September 26, 2014), 79 FR 59537 (October 2, 2014) (SR-BATS-2014-043); 73677 (November 24, 2014), 79 FR 71150 (December 1, 2014) (SR-BATS-2014-058); 76205 (October 21, 2015), 80 FR 65828 (October 27, 2015) (SR-BATS-2015-90).

equity exchanges.[17] Specifically, proposed Rule 11.159 contains identical definitions, standards and qualification procedures as the comparable retail order rules of Cboe BZX, Cboe EDGX, Cboe BYX, and Nasdaq Texas. However, unlike certain of those exchanges' rules, the proposed Rule 11.159 does not propose to attribute retail orders in the Exchange's market data feeds, adopt any special order handling for Retail Orders or orders intended to provide liquidity to Retail Orders, or to adopt any mechanics for price improvement for Retail Orders.

Additionally, the proposed express identification of Rules 11.156 through 11.158 as "Reserved" is consistent with Sections 6(b)(1) and 19(g)(1) of the Act,[18] which both require the Exchange to comply with its own rules, and the requirement of Section 6(b)(1) of the Act that requires a national securities exchange to be organized to follow its rules. This non-substantive change is designed to improve the organization of this section of its rules, which the Exchange expects will assist in following them as the rulebook expands.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed amendment would not burden intramarket competition because the ability to designate Retail Orders to be identified as such to the Exchange would be open to all Members that wish to send Retail Orders to the Exchange. The Exchange believes the proposed rule change would not burden, but rather increase, intermarket competition by permitting RMOs to identify orders as Retail Orders when submitted to the Exchange, which would ultimately enable the Exchange to better compete with other exchanges that offer retail

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17 See, e.g., Cboe EDGX Exchange, Inc. ("Cboe EDGX") Rule 11.21; Cboe BYX Exchange, Inc. ("Cboe BYX") Rule 11.24; and Nasdaq Texas, LLC ("Nasdaq Texas") Rule 4780.

18 15 U.S.C. 78f(b)(1) and 15 U.S.C. 78s(g)(1), respectively.

order programs.[19] As noted above, at this time the Exchange is not proposing to attribute retail orders in the Exchange's market data feeds, to adopt any special order handling for Retail Orders or orders intended to provide liquidity to Retail Orders, or to adopt any mechanics for price improvement for Retail Orders. Rather, adoption of the proposed rule will enable the Exchange to have the appropriate mechanisms and processes in place to implement differentiated pricing for Retail Orders if and when the Exchange proposes to do so in the future.

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[20] and subparagraph (f)(6) of Rule 19b-4 thereunder.[21]

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

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19 As noted above, a number of national securities exchanges have adopted retail order rules. See supra notes 5, 17, and 18, and accompanying text.

20 15 U.S.C. 78s(b)(3)(A)(iii).

21 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.

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. Please include File Number SR-LTSE-2026-29 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-2026-29. 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 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-2026-29 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.[22]

Vanessa A. Countryman,

Secretary.

22 17 CFR 200.30-3(a)(12).