I. Introduction

On December 10, 2020, Long-Term Stock Exchange, Inc. (“LTSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^1\) and Rule 19b-4 thereunder,\(^2\) a proposed rule change to adopt Rule 14.602 to provide for promotional services and listing ceremonies that will be offered by the Exchange in connection with a Company’s approval for listing on the Exchange. The proposed rule change was published for comment in the Federal Register on December 28, 2020.\(^3\) On January 22, 2021, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change in its entirety.\(^4\) The Commission has received no comments on the proposed rule change. This order provides notice of the filing of Amendment No. 1 to the proposed rule change, and grants approval to the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

---


\(^4\) In Amendment No. 1 to the proposed rule change, the Exchange clarified that: (i) the proposed promotional services and listing ceremonies will be offered to Companies on or around the time of listing, in connection with listing on the Exchange; and (ii) that the Exchange will offer comparable promotional services and listing ceremonies of comparable value to each listed Company. Amendment No. 1 is available on the Commission’s website at https://www.sec.gov/comments/sr-ltse-2020-22/srltse202022-8274519-228078.pdf.
II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

The Exchange proposes to adopt Rule 14.602 to provide for promotional services and listing ceremonies that will be offered by the Exchange in connection with a Company’s approval for listing on the Exchange. Proposed LTSE Rule 14.602 states that in connection with a Company’s approval for listing, the Exchange offers promotional services (including press releases, articles, videos, and podcasts) and invites the Company to participate in listing ceremonies. According to the Exchange, the promotional services would be tailored to meet the needs of the Company, and would allow the Company access to media services that would support the creation of press releases, articles, videos, and podcasts featuring the Company and its personnel. These promotional services also would include assistance with distributing such content on traditional and social media platforms, including websites operated by the Exchange. The Exchange states that a full suite of promotional services will be offered to each Company approved to list on the Exchange, and that some Companies may choose to avail themselves of all promotional services, whereas others may choose only a subset of services or none.

The Exchange further proposes to establish a listing ceremony to commemorate a Company becoming listed on the Exchange. While LTSE is only accepting dual listings at the present time, the Exchange asserts that the decision of a Company to list on the Exchange and adopt “Long-Term Policies” consistent with LTSE Rule 14.425 is a significant event for which a

---

5 “Company” means the issuer of a security listed or applying to list on the Exchange. For purposes of Chapter 14 of the LTSE Rules, the term “Company” includes an issuer that is not incorporated, such as, for example, a limited partnership. See LTSE Rule 14.002(a)(5).

6 See Notice, supra note 3, at 84449.

7 See id.

8 See id.

9 See id.

10 See id.

11 See id.
listing ceremony would be appropriate. According to the Exchange, the listing ceremony would be comparable to “ringing a bell” by gathering Company and Exchange personnel to celebrate that the Company has listed on the Exchange. The Exchange states that because it does not have a trading floor or a market site, it will work with each Company to design and plan a listing ceremony that reflects the Company’s values and mission, and that the ceremony may be conducted in person or remotely.

The Exchange anticipates that it will use an affiliate, LTSE Services, Inc. ("LTSE Services"), to, among other things, draft marketing content for review by the Exchange and the Company, produce and edit videos and podcasts, and coordinate listing ceremonies, whether done as in-person or remote events. LTSE maintains a commercial relationship with LTSE Services to leverage the company’s technological expertise to support the Exchange’s software needs, and LTSE Services also provides communications and marketing services to the Exchange. The Exchange states that its proposed provisions regarding listing ceremonies would be comparable to provisions in New York Stock Exchange LLC ("NYSE") Listed Company Manual Section 106.03, though tailored to address the fact that a Company listing on LTSE

---

12 See id.
13 See id. at 84450.
14 See id. at 84449-50. In this regard, the Exchange states that the absence of a trading floor or dedicated market site allows the Exchange to be flexible in providing listing ceremonies that can be more inclusive in terms of the number of Company personnel who may attend and the location of the ceremony. See id. at 84450.
15 See id. at 84450 n.6.
17 See Notice, supra note 3, at 84450 n.6.
18 See NYSE Listed Company Manual Section 106.03 (‘‘The Exchange invites the company’s directors and officers to participate in listing ceremonies on the first day of trading. . . . The Exchange has a public relations area which will coordinate the publicity for the event including picture taking on the trading floor.’’).
may be a public company and therefore is already trading on the Exchange (as well as other national securities exchanges). Moreover, the Exchange asserts that its listing ceremonies would be more inclusive, as LTSE does not plan to limit listing ceremonies to a particular physical location or solely to a Company's directors and officers.

In addition, the Exchange represents that if it expands the menu of promotional services offered, or elects to provide new products or services to listed Companies, the Exchange will incorporate such changes in a new proposed rule change.

III. Discussion and Commission Findings

The Commission has carefully reviewed the proposed rule change, as modified by Amendment No. 1, and finds that it is consistent with the requirements of Section 6 of the Act. Specifically, the Commission finds that the proposal is consistent with Sections 6(b)(4) and 6(b)(5) of the Act in particular, in that the proposed rule is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among Exchange members, issuers, and other persons using the Exchange’s facilities, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Moreover, the Commission finds that the proposal is consistent with Section 6(b)(8) of the Act in that it does not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange argues that it is fair and reasonable to offer promotional services and listing ceremonies to Companies on or around the time of listing, in connection with listing on

---

19 See Notice, supra note 3, at 84450.
20 The Exchange states that it believes the Company should determine where such ceremonies should take place and who should participate in the ceremonies. See id.
21 See id. at 84449 n.4
22 15 U.S.C. 78f. In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).
the Exchange, given that LTSE expects to face competition from NYSE and the Nasdaq Stock Market LLC (“Nasdaq”) as a new entrant into the exchange listing market. The Exchange asserts that offering promotional services and listing ceremonies for Companies listing on the Exchange would allow the Exchange to more effectively attract Companies to list on LTSE. The Exchange contends that to the extent its listing program is successful, it will provide a competitive alternative that will thereby benefit companies and investors, and remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with the protection of investors and the public interest.

The Exchange also argues that its proposal to offer promotional services and listing ceremonies for listed Companies is fair and not unfairly discriminatory because the promotional services and listing ceremonies will be offered to all listed Companies on the same terms and conditions without differentiation. The Exchange further states that it will offer comparable promotional services and listing ceremonies of comparable value to each listed Company. According to the Exchange, the scope of promotional services and listing ceremonies provided by the Exchange to each Company ultimately will depend on which services the Company selects, insofar as these are optional services for the Company.

Finally, the Exchange argues that the proposed rule change, as modified by Amendment No. 1, will not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange asserts that the proposal will enhance

---

26 See Notice, supra note 3, at 84450; Amendment No. 1, supra note 4, at 6. The Exchange maintains that the existing U.S. exchange listing market for operating companies is “essentially a duopoly,” with the vast majority of operating companies listed on U.S. securities exchanges listing on NYSE or Nasdaq. See Notice, supra note 3, at 84450.

27 See id.

28 See id.

29 See id.

30 See Amendment No. 1, supra note 4, at 7.

31 See Notice, supra note 3, at 84450.

32 See id.
competition by facilitating LTSE’s listing program, which will allow the Exchange to provide companies with another listing option, thereby promoting intermarket competition between exchanges by offering a new listing market to compete with NYSE and Nasdaq.\textsuperscript{33} The Exchange states that, as a dual listing venue, LTSE expects to face competition from existing exchanges because companies have a choice to list their securities solely on a primary listing venue.\textsuperscript{34} Consequently, the Exchange contends that the degree to which its promotional services and listing ceremonies could impose any burden on intermarket competition is extremely limited.\textsuperscript{35} In addition, the Exchange argues that the proposed rule change, as modified by Amendment No. 1, will not result in any burden on intramarket competition, either, since LTSE will offer the promotional services and listing ceremonies for all listed Companies on the same terms and conditions without differentiation.\textsuperscript{36}

The Commission believes that the proposed rule change, as amended, is appropriate and consistent with the Act. The Commission believes that by describing in its Rules the promotional services and listing ceremonies available to listed Companies, the Exchange is adding greater transparency to its rules and the fees applicable to such Companies.\textsuperscript{37} This will help to ensure that individual listed Companies are not given specially negotiated packages of products and services to list or remain listed that would raise unfair discrimination issues under the Act. In this regard, the Commission also notes the Exchange’s representation that the proposed promotional services and listing ceremonies will be offered to Companies only on or

\begin{footnotesize}
\begin{enumerate}
\item See id.
\item See id.
\item See id.
\item See id.
\item See id.
\end{enumerate}
\end{footnotesize}
around the time of listing, in connection with listing on the Exchange,\(^{38}\) and not on an ongoing basis.

Moreover, the Commission notes the Exchange’s representations that the proposed promotional services and listing ceremonies will be offered to all listed Companies on the same terms and conditions without differentiation,\(^{39}\) and that the Exchange will offer comparable promotional services and listing ceremonies of comparable value to each listed Company.\(^{40}\) Accordingly, the Commission believes that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and, in particular, that the services are equitably allocated among issuers consistent with Section 6(b)(4) of the Act,\(^{41}\) and the rule does not unfairly discriminate between issuers consistent with Section 6(b)(5) of the Act.\(^{42}\) The Commission also notes that the Exchange has represented that if it expands the menu of promotional services offered, or elects to provide new products or services to listed Companies, the Exchange will incorporate such changes in a new proposed rule change.\(^{43}\)

The Commission also believes that the Exchange is responding to competitive pressures in the market for listings in making this proposal. Specifically, the Exchange stated in its proposal that it expects to face competition as a new entrant in the market for exchange listings, and that it believes the promotional services and listing ceremonies that it proposes to offer to listed companies will facilitate LTSE’s ability to attract and retain listings.\(^{44}\) In particular, the Exchange maintains that it expects to face significant competition from NYSE and Nasdaq for listings, and that comparable offerings of promotional services and listing ceremonies are already

\(^{38}\) See Amendment No. 1, supra note 4, at 6.

\(^{39}\) See Notice, supra note 3, at 84450.

\(^{40}\) See Amendment No. 1, supra note 4, at 7.


\(^{43}\) See Notice, supra note 3, at 84449 n.4.

\(^{44}\) See id. at 84450.
provided by NYSE. Accordingly, the Commission believes that the proposed rule reflects the current competitive environment for exchange listings among national securities exchanges, and is appropriate and consistent with Section 6(b)(8) of the Act.

IV. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 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
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-LTSE-2020-22 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 No. SR-LTSE-2020-22. The file numbers 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission’s Public Reference Room, 100 F

---

45 See id. at 84449 n.5; id. at 84450. See also NYSE Listed Company Manual Section 106.03.

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make publicly available. All submissions should refer to File No. SR-LTSE-2020-22 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the amended proposal in the Federal Register. As discussed above, in Amendment No. 1, the Exchange clarified that: (i) the proposed promotional services and listing ceremonies will be offered to Companies on or around the time of listing, in connection with listing on the Exchange; and (ii) that the Exchange will offer comparable promotional services and listing ceremonies of comparable value to each listed Company. The Commission believes that these clarifications will help to ensure that individual listed Companies are not given specially negotiated packages of products and services to list or remain listed, as well as to ensure that the services are equitably allocated among issuers consistent with Section 6(b)(4) of the Act and that the rule does not unfairly discriminate between issuers consistent with Section 6(b)(5) of the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act, to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

---

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,\(^{50}\) that the proposed rule change (SR-LTSE-2020-22), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^ {51}\)

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2021-02592 Filed: 2/8/2021 8:45 am; Publication Date: 2/9/2021]


\(^{51}\) 17 CFR 200.30-3(a)(12).