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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2020 - * 05

Amendment No. (req. for Amendments) *

Filing by Long-Term Stock Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * Amendment * Withdrawal Section 19(b)(2) * Section 19(b)(3)(A) * Section 19(b)(3)(B) *

Rule

Pilot Extension of Time Period for Commission Action * Date Expires *
 19b-4(f)(1) 19b-4(f)(4)
 19b-4(f)(2) 19b-4(f)(5)
 19b-4(f)(3) 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 806(e)(1) * Section 806(e)(2) * Section 3C(b)(2) *

Initial Filing as Paper Document Initial Filing as E-Filing Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed rule change to amend LTSE's fingerprinting rule and to utilize the services of an FBI-approved Channel Partner.

Contact Information

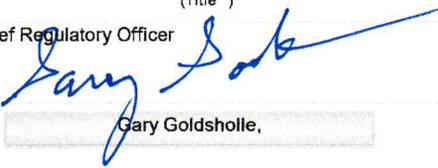
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Gary Last Name * Goldsholle
Title * Chief Regulatory Officer
E-mail * gary@longtermstockexchange.com
Telephone * (202) 580-5752 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 03/06/2020
By Gary Goldsholle
(Name *)
Chief Regulatory Officer (Title *)

Gary Goldsholle,

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² Long-Term Stock Exchange, Inc. (“LTSE” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend its rule relating to fingerprint-based background checks of directors, officers, employees, and others, and to utilize the services of an Federal Bureau of Investigation (“FBI”) approved Channel Partner to conduct fingerprinting. LTSE has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Gary L. Goldsholle
Chief Regulatory Officer
Long-Term Stock Exchange, Inc.
(202) 580-5752

3. Self-Regulatory Organization's Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to amend Rule 1.180 (Fingerprint-Based Background Checks of Employees and Independent Contractors), which was based on the corresponding rule of the Investors Exchange ("IEX"),⁵ to adopt with only minor differences as discussed below, the provisions of the New York Stock Exchange ("NYSE") fingerprinting rule.⁶ In addition, the proposed rule change would allow the Exchange to utilize the services of an FBI-approved Channel Partner, as is common with other national securities exchanges, including the NYSE.

Background and Proposed Rule Change

Section 17(f)(2) of the Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"),⁷ provides that every member of a national securities exchange, broker, dealer, registered transfer agent, registered clearing agency, registered securities information processors, national securities exchanges and national securities associations shall require each of its partners, directors, officers, and employees to be fingerprinted and submit those fingerprints (or cause the fingerprints to be submitted) to the

⁵ See IEX Rule 1.180.

⁶ See NYSE Rule 28.

⁷ See 15 U.S.C. 78q(f)(2); Dodd-Frank Act, Pub. L. No. 111-203, § 929S, 124 Stat. 1376, 1867 (2010).

Attorney General of the United States (“Attorney General”) for identification. Section 17(f)(2) explicitly directs the Attorney General to provide self-regulatory organizations (“SROs”) designated by the Commission with access to criminal history record information. Further, SEC Rule 17f-2 authorizes SROs to store criminal record information received from the FBI, which maintains on behalf of the Attorney General a database of fingerprint-based criminal history records.⁸

While existing LTSE Rule 1.180 meets the requirements of section 17(f)(2) of the Act, it contemplates only the use of fingerprint “cards,” is not tailored to the Exchange’s organizational structure, and has a substantive error.⁹ Accordingly, the Exchange proposes to adopt the fingerprinting rule of the NYSE, with minor differences described below.

Proposed LTSE Rule 1.180(a) would be identical to NYSE Rule 28(a) with the exception of the phrase “and its principal subsidiaries.” This phrase is proposed to be omitted because the Exchange does not have any subsidiaries; the Exchange is a wholly-owned subsidiary of LTSE Group. The phrase “each of” also would be omitted to make the first sentence of the proposed rule grammatically correct.

Proposed LTSE Rule 1.180(b) would be identical to NYSE Rule 28(b) with the exception of the sentence that states “The Exchange, however, may provide a subsidiary with access to information from background checks based on fingerprints obtained from that subsidiary.” Again, the Exchange proposes to omit that sentence because it does not have subsidiaries.

⁸ See 17 CFR 240.17f-2(d).

⁹ The rule was copied verbatim from IEX Rule 1.180, with changes only to reflect the different names of the exchanges. LTSE Rule 1.180(c) also erroneously references FINRA as the source of background information from the fingerprints, instead of the Attorney General of the United States or his or her designee.

Proposed LTSE Rule 1.180(c) and Supplementary Material .01 would be identical to NYSE Rule 28(c) and Supplementary Material .10. Finally, the Exchange proposes to amend the title of Rule 1.180 to be identical to the title of NYSE Rule 28, which is a more accurate description of the rule.

In addition, consistent with the practice at NYSE and other national securities exchanges, the Exchange intends to utilize a Live-Scan¹⁰ electronic system to capture and transmit fingerprints directly to the FBI. The capture and transmittal function, and corresponding receipt of criminal history information from the FBI, would be handled directly by Exchange personnel and/or an FBI-approved “Channel Partner”¹¹ who would maintain and operate, on behalf of the Exchange, a LiveScan and/or other electronic system(s) for the submission of fingerprints to the FBI; receive and maintain criminal history record information from the FBI; and disseminate such information, through secure systems, to a limited set of approved reviewing officials within the Exchange. The Exchange believes that Rule 1.180 allows for the retention of a Channel Partner for these purposes.

¹⁰ Live-Scan refers to the process of capturing fingerprints directly into a digitized format as opposed to traditional ink and paper methods. Live-Scan technology captures and transfers images to a central location and/or interface for identification processing.

¹¹ FBI-approved Channel Partners receive the fingerprint submission and relevant data, collect the associated fee(s), electronically forward the fingerprint submission with the necessary information to the FBI Criminal Justice Information Services Division (“CJIS”) for a national Criminal History Summary check, and receive the electronic summary check result for dissemination to the authorized employer entity. See Securities Exchange Act Release No. 71066 (December 12, 2013), 78 FR 76667 (December 18, 2013) (SR-ISE-2013-66). The Exchange would retain ultimate legal responsibility for the fulfillment of its statutory and self-regulatory obligations under the Act, including compliance with Section 17(f)(2) of the Act as amended by the Dodd-Frank Act.

The Exchange believes that the foregoing interpretation is consistent with the Exchange's authority under Section 17(f)(2) of the Act, as amended by the Dodd-Frank Act,¹² which requires, *inter alia*, that employees of exchanges be fingerprinted and that exchanges "shall submit such fingerprints, or cause the same to be submitted, to the Attorney General of the United States for identification and appropriate processing."

The Exchange accordingly believes that under LTSE Rule 1.180 (as adopted and as proposed) and applicable statutes, the Exchange has the authority to engage an FBI-approved Channel Partner for some or all of the fingerprinting processes described in the Rule. Finally, the Exchange believes that this proposed interpretation would ensure the Exchange's continued compliance with its Rules and applicable state and federal law.¹³

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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

¹² See 15 U.S.C. 17(f)(2); Dodd-Frank Act, Pub. L. No. 111-203, § 929S, 124 Stat. 1376, 1867 (2010).

¹³ Access to the FBI's fingerprint-based database of criminal records is permitted only when authorized by law. Section 17(f)(2) of the Act explicitly directs the Attorney General to provide SROs designated by the Commission (e.g., the Exchange) with access to such criminal history record information. Further, as amended by the Dodd-Frank Act, Section 17(f)(2) specifically requires, *inter alia*, that employees of national securities exchanges be fingerprinted. New York's General Business Law also requires SROs to fingerprint employees "as a condition of employment," as well as certain non-employee service providers. N.Y. Gen. Bus. Law § 359-e (McKinney).

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(5).

the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

Continuing to run fingerprint-based background checks is imperative for the Exchange, as this process helps to identify persons with criminal history records who may pose a threat to the safety of Exchange personnel and/or the security of Exchange facilities and records. This identification and screening process thus enhances business continuity, workplace safety, and the security of the Exchange's operations. The use of an FBI-approved Channel Partner in some or all phases of this process is consistent with LTSE Rule 1.180 and applicable state and federal law, and in furtherance of the important objectives described herein. Additionally, the use of a Channel Partner is consistent with the fingerprinting method currently employed by other SROs.¹⁶ For all these reasons, the proposal is also designed to protect investors as well as the public interest.

Additionally, the proposed rule is nearly identical to NYSE Rule 28¹⁷ and corrects an erroneous reference to FINRA in LTSE Rule 1.180(c).¹⁸

4. 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

¹⁶ See e.g., NYSE Rule 28; Chicago Board Options Exchange ("CBOE") Rule 15.10. See generally Securities Exchange Act Release No. 76422 (November 10, 2015), 80 FR 71868 (November 17, 2015) (SR-NYSE-2015-45) (citing Securities Exchange Act Release No. 71066 (December 12, 2013), 78 FR 76667, 76668 n. 12 (December 18, 2013) (SR-ISE-2013-66) (noting that "[a]n FBI-approved Channel Partner simply helps expedite the delivery of Criminal History Summary information on behalf of the FBI", and that the "process for making a request through an FBI-approved Channel Partner is consistent with FBI submission procedures").

¹⁷ See supra text accompanying note 6.

¹⁸ See supra note 9.

proposed rule change is not intended to address competitive issues but rather update its existing fingerprint rule to match, with only minor differences, NYSE Rule 28, and to allow the use of an FBI-approved Channel Partner as described above.¹⁹

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act²⁰ and Rule 19b-4(f)(6)²¹ thereunder, in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. In this case, the proposed rule change merely matches Exchange rules with what is currently available on other exchanges.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at

¹⁹ See supra text accompanying note 10.

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the operative delay to permit the Exchange to amend the fingerprinting rule to be more accurate, substantially similar to NYSE Rule 28, and immediately begin utilizing the services of an FBI-approved Channel Partner. Furthermore, as noted above, the proposed rule change does not contain any provisions that are not already operative in rules and procedures of the NYSE.

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 otherwise in furtherance of the purposes of the Act.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on the Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on NYSE Rule 28.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-LTSE-2020-05]

[Date]

Self-Regulatory Organizations; Long-Term Stock Exchange; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fingerprint-Based Background Checks

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on March [X], 2020, Long-Term Stock Exchange (“LTSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

LTSE proposes a rule change to amend its rule relating to fingerprint-based background checks of directors, officers, employees, and others, and to utilize the services of an Federal Bureau of Investigation (“FBI”) approved Channel Partner to conduct fingerprinting.

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

II. Self-Regulatory Organization’s Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

In its filing with the Commission, the self-regulatory organization 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 on the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 1.180 (Fingerprint-Based Background Checks of Employees and Independent Contractors), which was based on the corresponding rule of the Investors Exchange (“IEX”),³ to adopt with only minor differences as discussed below, the provisions of the New York Stock Exchange (“NYSE”) fingerprinting rule.⁴ In addition, the proposed rule change would allow the Exchange to utilize the services of an FBI-approved Channel Partner, as is common with other national securities exchanges, including the NYSE.

Background and Proposed Rule Change

Section 17(f)(2) of the Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”),⁵ provides that every member of a national securities exchange, broker, dealer, registered transfer agent, registered clearing agency, registered securities information processors, national securities exchanges and national securities associations shall require each of its partners, directors, officers, and employees to be

³ See IEX Rule 1.180.

⁴ See NYSE Rule 28.

⁵ See 15 U.S.C. 78q(f)(2); Dodd-Frank Act, Pub. L. No. 111-203, § 929S, 124 Stat. 1376, 1867 (2010).

fingerprinted and submit those fingerprints (or cause the fingerprints to be submitted) to the Attorney General of the United States (“Attorney General”) for identification. Section 17(f)(2) explicitly directs the Attorney General to provide self-regulatory organizations (“SROs”) designated by the Commission with access to criminal history record information. Further, SEC Rule 17f-2 authorizes SROs to store criminal record information received from the FBI, which maintains on behalf of the Attorney General a database of fingerprint-based criminal history records.⁶

While existing LTSE Rule 1.180 meets the requirements of section 17(f)(2) of the Act, it contemplates only the use of fingerprint “cards,” is not tailored to the Exchange’s organizational structure, and has a substantive error.⁷ Accordingly, the Exchange proposes to adopt the fingerprinting rule of the NYSE, with minor differences described below.

Proposed LTSE Rule 1.180(a) would be identical to NYSE Rule 28(a) with the exception of the phrase “and its principal subsidiaries.” This phrase is proposed to be omitted because the Exchange does not have any subsidiaries; the Exchange is a wholly-owned subsidiary of LTSE Group. The phrase “each of” also would be omitted to make the first sentence of the proposed rule grammatically correct.

Proposed LTSE Rule 1.180(b) would be identical to NYSE Rule 28(b) with the exception of the sentence that states “The Exchange, however, may provide a subsidiary with access to

⁶ See 17 CFR 240.17f-2(d).

⁷ The rule was copied verbatim from IEX Rule 1.180, with changes only to reflect the different names of the exchanges. LTSE Rule 1.180(c) also erroneously references FINRA as the source of background information from the fingerprints, instead of the Attorney General of the United States or his or her designee.

information from background checks based on fingerprints obtained from that subsidiary.”

Again, the Exchange proposes to omit that sentence because it does not have subsidiaries.

Proposed LTSE Rule 1.180(c) and Supplementary Material .01 would be identical to NYSE Rule 28(c) and Supplementary Material .10. Finally, the Exchange proposes to amend the title of Rule 1.180 to be identical to the title of NYSE Rule 28, which is a more accurate description of the rule.

In addition, consistent with the practice at NYSE and other national securities exchanges, the Exchange intends to utilize a Live-Scan⁸ electronic system to capture and transmit fingerprints directly to the FBI. The capture and transmittal function, and corresponding receipt of criminal history information from the FBI, would be handled directly by Exchange personnel and/or an FBI-approved “Channel Partner”⁹ who would maintain and operate, on behalf of the Exchange, a LiveScan and/or other electronic system(s) for the submission of fingerprints to the FBI; receive and maintain criminal history record information from the FBI; and disseminate such information, through secure systems, to a limited set of approved reviewing officials within the Exchange. The Exchange believes that Rule 1.180 allows for the retention of a Channel Partner for these purposes.

⁸ Live-Scan refers to the process of capturing fingerprints directly into a digitized format as opposed to traditional ink and paper methods. Live-Scan technology captures and transfers images to a central location and/or interface for identification processing.

⁹ FBI-approved Channel Partners receive the fingerprint submission and relevant data, collect the associated fee(s), electronically forward the fingerprint submission with the necessary information to the FBI Criminal Justice Information Services Division (“CJIS”) for a national Criminal History Summary check, and receive the electronic summary check result for dissemination to the authorized employer entity. See Securities Exchange Act Release No. 71066 (December 12, 2013), 78 FR 76667 (December 18, 2013) (SR-ISE-2013-66). The Exchange would retain ultimate legal responsibility for the fulfillment of its statutory and self-regulatory obligations under the Act, including compliance with Section 17(f)(2) of the Act as amended by the Dodd-Frank Act.

The Exchange believes that the foregoing interpretation is consistent with the Exchange’s authority under Section 17(f)(2) of the Act, as amended by the Dodd-Frank Act,¹⁰ which requires, *inter alia*, that employees of exchanges be fingerprinted and that exchanges “shall submit such fingerprints, or cause the same to be submitted, to the Attorney General of the United States for identification and appropriate processing.”

The Exchange accordingly believes that under LTSE Rule 1.180 (as adopted and as proposed) and applicable statutes, the Exchange has the authority to engage an FBI-approved Channel Partner for some or all of the fingerprinting processes described in the Rule. Finally, the Exchange believes that this proposed interpretation would ensure the Exchange’s continued compliance with its Rules and applicable state and federal law.¹¹

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 furthers the objectives of Section 6(b)(5) of the Act,¹³ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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

¹⁰ See 15 U.S.C. 17(f)(2); Dodd-Frank Act, Pub. L. No. 111-203, § 929S, 124 Stat. 1376, 1867 (2010).

¹¹ Access to the FBI’s fingerprint-based database of criminal records is permitted only when authorized by law. Section 17(f)(2) of the Act explicitly directs the Attorney General to provide SROs designated by the Commission (e.g., the Exchange) with access to such criminal history record information. Further, as amended by the Dodd-Frank Act, Section 17(f)(2) specifically requires, *inter alia*, that employees of national securities exchanges be fingerprinted. New York’s General Business Law also requires SROs to fingerprint employees “as a condition of employment,” as well as certain non-employee service providers. N.Y. Gen. Bus. Law § 359-e (McKinney).

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(5).

the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

Continuing to run fingerprint-based background checks is imperative for the Exchange, as this process helps to identify persons with criminal history records who may pose a threat to the safety of Exchange personnel and/or the security of Exchange facilities and records. This identification and screening process thus enhances business continuity, workplace safety, and the security of the Exchange's operations. The use of an FBI-approved Channel Partner in some or all phases of this process is consistent with LTSE Rule 1.180 and applicable state and federal law, and in furtherance of the important objectives described herein. Additionally, the use of a Channel Partner is consistent with the fingerprinting method currently employed by other SROs.¹⁴ For all these reasons, the proposal is also designed to protect investors as well as the public interest.

Additionally, the proposed rule is nearly identical to NYSE Rule 28¹⁵ and corrects an erroneous reference to FINRA in LTSE Rule 1.180(c).¹⁶

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

¹⁴ See e.g., NYSE Rule 28; Chicago Board Options Exchange ("CBOE") Rule 15.10. See generally Securities Exchange Act Release No. 76422 (November 10, 2015), 80 FR 71868 (November 17, 2015) (SR-NYSE-2015-45) (citing Securities Exchange Act Release No. 71066 (December 12, 2013), 78 FR 76667, 76668 n. 12 (December 18, 2013) (SR-ISE-2013-66) (noting that "[a]n FBI-approved Channel Partner simply helps expedite the delivery of Criminal History Summary information on behalf of the FBI", and that the "process for making a request through an FBI-approved Channel Partner is consistent with FBI submission procedures").

¹⁵ See supra text accompanying note 4.

¹⁶ See supra note 7.

proposed rule change is not intended to address competitive issues but rather update its existing fingerprint rule to match, with only minor differences, NYSE Rule 28, and to allow the use of an FBI-approved Channel Partner as described above.¹⁷

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposal has become effective pursuant to section 19(b)(3)(A) of the Act,¹⁸ and Rule 19b-4(f)(6)¹⁹ thereunder. At any time within 60 days of the filing of such 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 otherwise in furtherance of 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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-LTSE-2020-05 on the subject line.

¹⁷ See supra text accompanying note 8.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(6).

Paper Comments:

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

All submissions should refer to File Number SR-LTSE-2020-05. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of LTSE and on its Internet website at <https://longtermstockexchange.com/>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-LTSE-2020-05 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

²⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5 – TEXT OF PROPOSED RULE CHANGE

Proposed new language is underlined; proposed deletions are [bracketed]

Rule 1.180. Fingerprint-Based Background Checks of Exchange Employees and Others [Independent Contractors]

- (a) [In order to enhance the physical security of the facilities, systems, data, and information of LTSE and its subsidiaries, affiliates and any facilities of the Exchange (collectively, the "LTSE Entities"), it shall be the policy of the LTSE Entities to conduct a fingerprint-based criminal records check of (i) all prospective and current employees of the LTSE Entities, (ii) all independent contractors who have access to facilities of the LTSE Entities for ten business days or longer, and (iii) all temporary employees who have access to facilities of the LTSE Entities for ten business days or longer. The LTSE Entities shall apply this policy in all circumstances where permitted by applicable law.]In order to enhance the security of the respective facilities, systems, data, and/or records of the Exchange (collectively, "facilities and records"), the Exchange shall obtain fingerprints from, and conduct a fingerprint-based background check of, all prospective and current employees, temporary personnel, independent contractors, and service providers of the Exchange. However, the Exchange may determine not to obtain fingerprints from, or to seek fingerprint-based background information with respect to, a person due to that person's limited, supervised, or restricted access to facilities and records; or the nature or location of his or her work or services. The Exchange shall apply this rule in all circumstances where permitted by applicable law.
- (b) The [LTSE Entities]Exchange shall submit fingerprints [cards] obtained pursuant to [the foregoing policy]this rule to the Attorney General of the United States or his or her designee for identification and processing. The [LTSE Entities]Exchange shall at all times maintain the security of all fingerprints provided to, and all criminal history record information received from, the Attorney General or his or her designee.[cards, as well as any information received from the Attorney General of the United States or his or her designee in response to LTSE's submission of fingerprint cards.] The Exchange shall not disseminate fingerprints or information to the extent prohibited by applicable law.
- (c) The Exchange shall evaluate information received from [FINRA]the Attorney General or his or her designee and otherwise administer this [LTSE Rule 1.180]rule in accordance with Exchange fingerprint procedures as in effect from time to time and the provisions of applicable law. Fingerprint-based background information, such as a felony or serious misdemeanor conviction, will be a factor in making employment decisions; engaging or retaining any temporary personnel, [or]independent contractors, or service providers; or permitting any fingerprinted person access to [Exchange]facilities and records.

* * * * * *Supplementary Material* * * * * *

.01 Fingerprints and the Issuance of Identification Badges.

The Exchange intends, with limited exceptions, to obtain fingerprints from, and fingerprint-based background information with respect to, all employees, temporary personnel, independent contractors, and service providers who receive Exchange-issued photo badges or other identification permitting them access to facilities and records for more than one day (“Long-Term Badges”). The Exchange has the capacity electronically to immediately limit or terminate the access to facilities and records that Long-Term Badges permit, and reserves the right to do so. On a case-by-case basis, the Exchange may determine not to obtain fingerprints from a person to whom a Long-Term Badge is issued, based on the decision of a committee of Exchange officers who oversee application of the rule that there exists an exception to obtaining the fingerprints, as contemplated by the rule.

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