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

File No.* SR - 2020 - * 08

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) *

Print or Scan to Paper Document Upload to SERS as Paper Document

Description

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

Proposed rule change to amend how the Pre-Market Session and Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities will operate.

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 * Goldshole
 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 03/27/2020
 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.

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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

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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 (i) amend how the Pre-Market Session and Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities will operate, and (ii) make certain non-substantive, technical changes. 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

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).

governing documents. Therefore, the Exchange's internal procedures with respect to the proposed rule change are complete.

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 LTSE Rules 11.190, 11.220, and 11.231 to revise how its Pre-Market Session and Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities⁵ will operate, and to make certain non-substantive, technical changes. The Exchange has three trading sessions: Pre-Market Session,⁶ Regular Market Session,⁷ and Post-Market Session.⁸

Existing LTSE Rule 11.190 provides that limit orders with a time-in-force ("TIF") of DAY or GTX,⁹ and market orders with a TIF of DAY,¹⁰ if received prior to the open of the

⁵ The term "Non-LTSE-Primary-Listed Security" refers to: (i) any UTP Security; and (ii) any Dually-Listed Securities, as provided for in LTSE Rule 14.210, which are not LTSE-Primary-Listed Securities. See LTSE Rule 1.160(z).

⁶ The term "Pre-Market Session" refers to the time between 8:00 a.m. and 9:30 a.m. Eastern Time. See LTSE Rule 1.160(dd).

⁷ The term "Regular Market Session" refers to the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See LTSE Rule 1.160(kk).

⁸ The term "Post-Market Session" refers to the time between 4:00 p.m. and 5:00 p.m. Eastern Time. See LTSE Rule 1.160(ee).

⁹ See LTSE Rule 11.190(a)(1)(E)(ii), (iv).

¹⁰ See LTSE 11.190(a)(2)(E)(ii).

Regular Market Session, are queued in time priority until the open of the Regular Market Session.¹¹ The Exchange proposes to amend LTSE Rule 11.190(a)(2)(E) to state that market orders may only be submitted during the Regular Market Session and that market orders submitted in the Pre-Market Session or Post-Market Session will be rejected by the System. Specifically, the text of the opening paragraph in proposed LTSE Rule 11.190(a)(2)(E) would be amended to state that that a market order “[m]ay only be submitted during the Regular Market Session. Market orders submitted in the Pre-Market Session or Post-Market Session will be rejected by the System.”¹² In a conforming change to subparagraph (ii) of the rule, the Exchange proposes to remove references to market orders with a TIF of DAY being queued by the System because, as noted in the proposed opening paragraph of LTSE Rule 11.190(a)(2)(E), such orders when submitted in the Pre-Market and Post-Market Session are proposed to be rejected. Thus, the beginning of subparagraph (ii) of the rule would be revised to state that “Market orders marked DAY are rejected during the Pre-Market Session and Post-Market Session.” The remainder of subparagraph (ii) of the rule would be deleted, except the last sentence, which is proposed to remain unchanged. This proposed rule text tracks subparagraph (i) of the existing rule for orders marked IOC,¹³ because, as noted in LTSE Rule 11.190(a)(2)(E)(ii), market orders marked DAY are treated by the System as having a TIF of IOC.

¹¹ Market orders with a TIF of GTX are rejected. See LTSE Rule 11.190(a)(2)(E)(iv).

¹² The opening paragraph of proposed LTSE Rule 11.190(a)(2)(E) would be identical to the opening paragraph of Investors’ Exchange LLC (“IEX”) Rule 11.190(a)(2)(E). In this proposed rule change, references to IEX’s rules are to the IEX rules as they appeared when IEX was approved as a national securities exchange. See IEX Form 1, Exhibit B.

¹³ See LTSE Rule 11.190(a)(2)(E)(i). IOC stands for Immediate-or-Cancel. See LTSE Rule 11.190(c)(1).

Proposed LTSE Rule 11.190(d) would be identical to existing LTSE Rule 11.190(d), but for the capitalization of the defined term “Order Amendment” in proposed LTSE Rule 11.190(d)(6).¹⁴ The Exchange also proposes to amend existing LTSE Rule 11.190(e) to capitalize the term “Cancel/Replace.” In clarifying this approach to the Opening Process, the Exchange also proposes to amend existing LTSE Rule 11.190(f)(1) to eliminate references to Cross Book, which would no longer be used.

Existing LTSE Rule 11.231 provides for an auction-style Opening Match¹⁵ for Non-LTSE-Primary-Listed Securities. The proposed rule change would eliminate the auction-style Opening Match in LTSE Rule 11.231 by deleting all of the existing rule text and replacing it with an opening process modeled on how IEX conducted its opening process when it was approved as a national securities exchange.¹⁶ The proposed rule change would treat limit orders in Non-LTSE-Primary-Listed Securities that are eligible to queue during the Pre-Market Session as incoming orders at the start of the Regular Market Session in their relative time priority, as discussed below. The proposed rule change also would make conforming amendments to LTSE Rule 11.220, as further described below.

Under proposed LTSE Rule 11.231(a), orders for Non-LTSE-Primary-Listed Securities not eligible for trading prior to the commencement of the Regular Market Session that are received and queued during the Pre-Market Session, as described in LTSE Rule 11.190(a), would be queued in the time sequence of their receipt by the System, pursuant to LTSE Rule

¹⁴ See *infra* note 18.

¹⁵ See LTSE Rule 11.231(b)(1) (defining “Opening Match”).

¹⁶ See Securities Exchange Act Release No. 78101 (June 17, 2016), 81 FR 41141 (June 23, 2016) (File No. 10-222).

11.220(a)(2).¹⁷ Under proposed LTSE Rule 11.231(b), orders queued prior to the Regular Market Session would be able to be modified consistent with LTSE Rule 11.190(d), which establishes the process for amending an order.¹⁸ Further, under proposed LTSE Rule 11.231(b), any modification to an order so queued may result in the time of receipt being updated to the time of receipt of the last modification consistent with the application of a new timestamp, pursuant to proposed LTSE Rule 11.220(a)(2).¹⁹

Under proposed LTSE Rule 11.231(c), at the commencement of the Regular Hours Trading, orders for Non-LTSE-Primary-Listed Securities queued during the Pre-Market Session would be processed as incoming orders, consistent with LTSE Rules 11.190 and 11.230 in their relative time priority, pursuant to proposed LTSE Rule 11.220(a)(2).²⁰

Under proposed LTSE Rule 11.231(d), all messages in Non-LTSE-Primary-Listed Securities that are relevant to the Order Book and are received after the commencement of the

¹⁷ Proposed LTSE Rule 11.231(a) would be identical to IEX Rule 11.231(a), except that proposed LTSE Rule 11.231(a) would clarify that the rule only applies “for Non-LTSE-Primary-Listed Securities,” and would cross-reference to LTSE’s rules and not IEX’s rules.

¹⁸ In what are purely technical changes to Rule 11.190(d), the Exchange proposes to capitalize the defined term “Order Amendment.” See supra text accompanying note 14.

¹⁹ Proposed LTSE Rule 11.231(b) would be identical to IEX Rule 11.231(b), except that proposed LTSE Rule 11.231(b) would cross-reference to LTSE’s rules and not IEX’s rules, would clarify that the “queue” refers to the “Pre-Market Session order queue,” and would not incorporate IEX Rule 11.231(b)(1) because the Exchange does not route orders.

²⁰ Proposed LTSE Rule 11.231(c) would be identical to IEX Rule 11.231(c), except that proposed LTSE Rule 11.231(c) would cross-reference to LTSE’s rules and not IEX’s rules, would clarify that the “queue” refers to the “Pre-Market Session order queue,” and the phrase “Non-LTSE-Primary-Listed Securities” is proposed to be added to reflect the scope of the proposed rule.

Regular Market Session would be processed after the completion of the Regular Market Session Opening Process.²¹

Under proposed LTSE Rule 11.231(e), if a security is subject to a halt, suspension, or pause in trading during the Pre-Market Session, the Exchange would not accept orders for that security for the Regular Market Session Opening Process or otherwise. If the halt, suspension, or pause remains in effect at the time of the Regular Market Session Opening Process, the Opening Process would not occur at the normally scheduled time. Once the security resumes trading, the Exchange would conduct the Regular Market Session Opening Process for any orders in the queue, and would then accept and execute orders as usual in accordance with prevailing market session rules.²²

The Exchange believes that permitting certain limit orders with a TIF which makes them ineligible to trade during the Pre-Market Session to become part of the Pre-Market Session order queue and to join the Order Book at the commencement of the Regular Market Session is consistent with an orderly and predictable market opening.²³

Proposed LTSE Rule 11.220(a)(2), which would replace existing LTSE Rule 11.220(a)(2) in its entirety, would require that orders queued for the Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities be ranked and maintained in time

²¹ Proposed LTSE Rule 11.231(d) would be identical to IEX Rule 11.231(d), except the phrase “Non-LTSE-Primary-Listed Securities” is proposed to be added to reflect the scope of the proposed rule.

²² Proposed LTSE Rule 11.231(e) would be identical to IEX Rule 11.231(e), except that proposed LTSE Rule 11.231(e) would clarify that the “queue” refers to the “Pre-Market Session order queue,” and would add the phrase “that security for” in the first sentence to clarify the scope of a halt, suspension, or pause in trading.

²³ The Exchange notes that this method was used by IEX when it was approved as national securities exchange. See supra note 16.

priority. The order established as the oldest in the System²⁴ would have precedence among those queued for the Opening Process, up to the number of shares of the security specified in the order.²⁵ Orders would be ranked by the time at which they are submitted to the Pre-Market Session order queue, the first in the queue being the oldest submitted. Orders would maintain their time priority once queued unless an amendment to the order is submitted by the User by means of a Cancel/Replace pursuant to LTSE Rule 11.190(d), except in the event that the only change to the order is a decrease in share quantity, in which case the order would not receive a new timestamp.²⁶

To illustrate how the proposed Opening Process would operate, consider the following example where the Order Book prior to the start of Regular Market Session is as follows:²⁷

Bid				Offer			
Order	TIF	Time	Price	Order	TIF	Time	Price
A	SYS	9:15	10	B	SYS	9:15	10.05
C	SYS	9:25	9.97	D	SYS	9:29	10.07

²⁴ The term “System” refers to the electronic communications and trading facility designated by the Board through which securities orders of Members are consolidated for ranking and execution. See LTSE Rule 1.160(rr).

²⁵ Proposed LTSE Rule 11.220(a)(2) would be identical to the opening paragraph of IEX Rule 11.220(a)(2) and IEX Rule 11.220(a)(2)(A), except that proposed LTSE Rule 11.220(a)(2) would: (1) use the phrase “Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities” instead of simply the term “Opening Process” for clarity; (2) not include the word “clearly” before “established” because the word “clearly” is superfluous; and (3) use the term “security” instead of “stock” because the Exchange believes the term “security” more appropriately describes what is intended.

²⁶ Proposed LTSE Rule 11.220(a)(2) would not include references to routable orders, see IEX Rule 11.220(a)(2)(A)(ii), because the Exchange does route orders. See also supra note 19.

²⁷ For purposes of these examples, all orders are limit orders for 100 shares.

And the Pre-Market Session queue is as follows:

Order	TIF	Time in Queue	Price	Type
E	DAY	8:15	10.02	Bid
F	DAY	8:17	10.05	Bid
G	DAY	8:19	10.04	Offer
H	DAY	9:28	10.07	Offer

The Order Book at the start of the Regular Market Session would be as follows, as each of the orders in the Pre-Market Session queue are treated as incoming orders in relative time priority (and for illustrative purposes only, the time to drain each order in the queue is 1 millisecond):

Bid				Offer			
Order	TIF	Time	Price	Order	TIF	Time	Price
E	DAY	9:30:00001	10.02	G	DAY	9:30:00003	10.04
A	SYS	9:15	10	D	SYS	9:29	10.07
C	SYS	9:25	9.97	H	DAY	9:30:00004	10.07

Note that Orders F and B are gone; that is because incoming Order F would have executed against resting Order B.

As described in proposed LTSE Rule 11.231(d), all messages in Non-LTSE-Primary-Listed Securities relevant to the Order Book received after the commencement of the Regular Market Session would be processed after the completion of the Regular Market Session Opening Process. Orders received during the Regular Market Session would become part of the Order Book only after the Pre-Market Session queue is completed. For example, if the following orders are received at the start Regular Market Session:

Order	TIF	Time in Queue	Price	Type
I	DAY	9:30:0001	10.03	Offer
J	DAY	9:30:0002	10	Bid

Then the Order Book would be as follows:

Bid				Offer			
Order	TIF	Time	Price	Order	TIF	Time	Price
E	DAY	9:30:00001	10.02	I	DAY	9:30:0001	10.03
A	SYS	9:15	10	G	DAY	9:30:00003	10.04
J	DAY	9:30:0002	10	D	SYS	9:29	10.07
C	SYS	9:25	9.97	H	DAY	9:30:00004	10.07

The preceding example illustrates how the proposed Opening Process would operate solely for orders in Non-LTSE-Primary-Listed Securities. The Exchange has a different opening process for LTSE-Primary-Listed Securities in Rule 11.350, which would remain unchanged.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁹ 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 the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

²⁸ 15 U.S.C. 78f.

²⁹ 15 U.S.C. 78f(b)(5).

Specifically, the Exchange believes that the proposed rule change is consistent with fostering cooperation and coordination with persons engaged in facilitating transactions in securities. The simplicity and determinism of this Opening Process for Non-LTSE-Primary-Listed Securities will facilitate trading of NMS stocks without imposing burdens on market participants to adapt to, or adopt, another opening cross methodology for securities where the Exchange is not the primary listing market. The Exchange also believes that the streamlined approach of the proposed rule change to commencing trading in the Regular Market Session removes impediments to and perfects the mechanism of a free and open market and a national market system by providing a clear and transparent process designed to provide a means for trading in a Non-LTSE-Primary-Listed Security to open in an orderly and timely manner.

In addition, the Exchange also believes that rejecting market orders with a TIF of DAY received during the Pre-Market Session will provide for a more orderly Opening Process and protect investors and the public interest. The Exchange believes that market orders marked DAY, which are treated as having a TIF of IOC, should be treated in the same way as market orders marked IOC, which are rejected.³⁰

The Exchange further believes that the proposed rule change aligns with the philosophy and principles of the Very Simple Market or VSM™ in that its relatively simple and deterministic model aims to reduce the complexity of the trading process on the Exchange, while acknowledging that alternatives employed by other exchanges and trading venues are part of a dynamic and vibrant national market system. The Exchange also believes that the proposed rule change is consistent with the protection of investors and the public interest in that it would be

³⁰ See LTSE Rule 11.190(a)(2)(E)(ii).

applied fairly and equitably across all market participants, while also providing for orderly and timely openings for Non-LTSE-Primary-Listed Securities.

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 Exchange believes that the proposed Opening Process for Non-LTSE-Primary-Listed Securities is designed to promote fair competition among brokers and dealers and exchanges by offering an alternative Opening Process, thereby promoting intermarket competition between exchanges in furtherance of the principles of Section 11A(a)(1) of the Act.³¹

With respect to intramarket competition, the proposed Opening Process would apply equally to all non-LTSE-Primary-Listed Securities, and all Members and market participants that send orders to LTSE through Members in the Pre-Market Session. As described above, Members are permitted to enter orders for the Pre-Market Session queue, and all orders received are maintained in time priority. Consequently, LTSE does not believe that the proposed rule change would impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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.

³¹ 15 U.S.C. 78k-1(a)(1).

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 Act³² and Rule 19b-4(f)(6)³³ 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 was previously available on another exchange,³⁴ but for those differences as described above.³⁵

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 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.

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. If the Commission takes such action, the

³² 15 U.S.C. 78s(b)(3)(A).

³³ 17 CFR 240.19b-4(f)(6).

³⁴ See supra note 12.

³⁵ See supra notes 12 - 26.

Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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-2020-08]

[Date]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities

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, Inc. (“LTSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

LTSE proposes a rule change to (i) amend how the Pre-Market Session and Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities will operate, and (ii) make certain non-substantive, technical changes.

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 LTSE Rules 11.190, 11.220, and 11.231 to revise how its Pre-Market Session and Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities³ will operate, and to make certain non-substantive, technical changes. The Exchange has three trading sessions: Pre-Market Session,⁴ Regular Market Session,⁵ and Post-Market Session.⁶

Existing LTSE Rule 11.190 provides that limit orders with a time-in-force (“TIF”) of DAY or GTX,⁷ and market orders with a TIF of DAY,⁸ if received prior to the open of the

³ The term “Non-LTSE-Primary-Listed Security” refers to: (i) any UTP Security; and (ii) any Dually-Listed Securities, as provided for in LTSE Rule 14.210, which are not LTSE-Primary-Listed Securities. See LTSE Rule 1.160(z).

⁴ The term “Pre-Market Session” refers to the time between 8:00 a.m. and 9:30 a.m. Eastern Time. See LTSE Rule 1.160(dd).

⁵ The term “Regular Market Session” refers to the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See LTSE Rule 1.160(kk).

⁶ The term “Post-Market Session” refers to the time between 4:00 p.m. and 5:00 p.m. Eastern Time. See LTSE Rule 1.160(ee).

⁷ See LTSE Rule 11.190(a)(1)(E)(ii), (iv).

⁸ See LTSE 11.190(a)(2)(E)(ii).

Regular Market Session, are queued in time priority until the open of the Regular Market Session.⁹ The Exchange proposes to amend LTSE Rule 11.190(a)(2)(E) to state that market orders may only be submitted during the Regular Market Session and that market orders submitted in the Pre-Market Session or Post-Market Session will be rejected by the System. Specifically, the text of the opening paragraph in proposed LTSE Rule 11.190(a)(2)(E) would be amended to state that that a market order “[m]ay only be submitted during the Regular Market Session. Market orders submitted in the Pre-Market Session or Post-Market Session will be rejected by the System.”¹⁰ In a conforming change to subparagraph (ii) of the rule, the Exchange proposes to remove references to market orders with a TIF of DAY being queued by the System because, as noted in the proposed opening paragraph of LTSE Rule 11.190(a)(2)(E), such orders when submitted in the Pre-Market and Post-Market Session are proposed to be rejected. Thus, the beginning of subparagraph (ii) of the rule would be revised to state that “Market orders marked DAY are rejected during the Pre-Market Session and Post-Market Session.” The remainder of subparagraph (ii) of the rule would be deleted, except the last sentence, which is proposed to remain unchanged. This proposed rule text tracks subparagraph (i) of the existing rule for orders marked IOC,¹¹ because, as noted in LTSE Rule 11.190(a)(2)(E)(ii), market orders marked DAY are treated by the System as having a TIF of IOC.

⁹ Market orders with a TIF of GTX are rejected. See LTSE Rule 11.190(a)(2)(E)(iv).

¹⁰ The opening paragraph of proposed LTSE Rule 11.190(a)(2)(E) would be identical to the opening paragraph of Investors’ Exchange LLC (“IEX”) Rule 11.190(a)(2)(E). In this proposed rule change, references to IEX’s rules are to the IEX rules as they appeared when IEX was approved as a national securities exchange. See IEX Form 1, Exhibit B.

¹¹ See LTSE Rule 11.190(a)(2)(E)(i). IOC stands for Immediate-or-Cancel. See LTSE Rule 11.190(c)(1).

Proposed LTSE Rule 11.190(d) would be identical to existing LTSE Rule 11.190(d), but for the capitalization of the defined term “Order Amendment” in proposed LTSE Rule 11.190(d)(6).¹² The Exchange also proposes to amend existing LTSE Rule 11.190(e) to capitalize the term “Cancel/Replace.” In clarifying this approach to the Opening Process, the Exchange also proposes to amend existing LTSE Rule 11.190(f)(1) to eliminate references to Cross Book, which would no longer be used.

Existing LTSE Rule 11.231 provides for an auction-style Opening Match¹³ for Non-LTSE-Primary-Listed Securities. The proposed rule change would eliminate the auction-style Opening Match in LTSE Rule 11.231 by deleting all of the existing rule text and replacing it with an opening process modeled on how IEX conducted its opening process when it was approved as a national securities exchange.¹⁴ The proposed rule change would treat limit orders in Non-LTSE-Primary-Listed Securities that are eligible to queue during the Pre-Market Session as incoming orders at the start of the Regular Market Session in their relative time priority, as discussed below. The proposed rule change also would make conforming amendments to LTSE Rule 11.220, as further described below.

Under proposed LTSE Rule 11.231(a), orders for Non-LTSE-Primary-Listed Securities not eligible for trading prior to the commencement of the Regular Market Session that are received and queued during the Pre-Market Session, as described in LTSE Rule 11.190(a), would be queued in the time sequence of their receipt by the System, pursuant to LTSE Rule

¹² See infra note 16.

¹³ See LTSE Rule 11.231(b)(1) (defining “Opening Match”).

¹⁴ See Securities Exchange Act Release No. 78101 (June 17, 2016), 81 FR 41141 (June 23, 2016) (File No. 10-222).

11.220(a)(2).¹⁵ Under proposed LTSE Rule 11.231(b), orders queued prior to the Regular Market Session would be able to be modified consistent with LTSE Rule 11.190(d), which establishes the process for amending an order.¹⁶ Further, under proposed LTSE Rule 11.231(b), any modification to an order so queued may result in the time of receipt being updated to the time of receipt of the last modification consistent with the application of a new timestamp, pursuant to proposed LTSE Rule 11.220(a)(2).¹⁷

Under proposed LTSE Rule 11.231(c), at the commencement of the Regular Hours Trading, orders for Non-LTSE-Primary-Listed Securities queued during the Pre-Market Session would be processed as incoming orders, consistent with LTSE Rules 11.190 and 11.230 in their relative time priority, pursuant to proposed LTSE Rule 11.220(a)(2).¹⁸

Under proposed LTSE Rule 11.231(d), all messages in Non-LTSE-Primary-Listed Securities that are relevant to the Order Book and are received after the commencement of the

¹⁵ Proposed LTSE Rule 11.231(a) would be identical to IEX Rule 11.231(a), except that proposed LTSE Rule 11.231(a) would clarify that the rule only applies “for Non-LTSE-Primary-Listed Securities,” and would cross-reference to LTSE’s rules and not IEX’s rules.

¹⁶ In what are purely technical changes to Rule 11.190(d), the Exchange proposes to capitalize the defined term “Order Amendment.” See supra text accompanying note 12.

¹⁷ Proposed LTSE Rule 11.231(b) would be identical to IEX Rule 11.231(b), except that proposed LTSE Rule 11.231(b) would cross-reference to LTSE’s rules and not IEX’s rules, would clarify that the “queue” refers to the “Pre-Market Session order queue,” and would not incorporate IEX Rule 11.231(b)(1) because the Exchange does not route orders.

¹⁸ Proposed LTSE Rule 11.231(c) would be identical to IEX Rule 11.231(c), except that proposed LTSE Rule 11.231(c) would cross-reference to LTSE’s rules and not IEX’s rules, would clarify that the “queue” refers to the “Pre-Market Session order queue,” and the phrase “Non-LTSE-Primary-Listed Securities” is proposed to be added to reflect the scope of the proposed rule.

Regular Market Session would be processed after the completion of the Regular Market Session Opening Process.¹⁹

Under proposed LTSE Rule 11.231(e), if a security is subject to a halt, suspension, or pause in trading during the Pre-Market Session, the Exchange would not accept orders for that security for the Regular Market Session Opening Process or otherwise. If the halt, suspension, or pause remains in effect at the time of the Regular Market Session Opening Process, the Opening Process would not occur at the normally scheduled time. Once the security resumes trading, the Exchange would conduct the Regular Market Session Opening Process for any orders in the queue, and would then accept and execute orders as usual in accordance with prevailing market session rules.²⁰

The Exchange believes that permitting certain limit orders with a TIF which makes them ineligible to trade during the Pre-Market Session to become part of the Pre-Market Session order queue and to join the Order Book at the commencement of the Regular Market Session is consistent with an orderly and predictable market opening.²¹

Proposed LTSE Rule 11.220(a)(2), which would replace existing LTSE Rule 11.220(a)(2) in its entirety, would require that orders queued for the Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities be ranked and maintained in time

¹⁹ Proposed LTSE Rule 11.231(d) would be identical to IEX Rule 11.231(d), except the phrase “Non-LTSE-Primary-Listed Securities” is proposed to be added to reflect the scope of the proposed rule.

²⁰ Proposed LTSE Rule 11.231(e) would be identical to IEX Rule 11.231(e), except that proposed LTSE Rule 11.231(e) would clarify that the “queue” refers to the “Pre-Market Session order queue,” and would add the phrase “that security for” in the first sentence to clarify the scope of a halt, suspension, or pause in trading.

²¹ The Exchange notes that this method was used by IEX when it was approved as national securities exchange. See supra note 14.

priority. The order established as the oldest in the System²² would have precedence among those queued for the Opening Process, up to the number of shares of the security specified in the order.²³ Orders would be ranked by the time at which they are submitted to the Pre-Market Session order queue, the first in the queue being the oldest submitted. Orders would maintain their time priority once queued unless an amendment to the order is submitted by the User by means of a Cancel/Replace pursuant to LTSE Rule 11.190(d), except in the event that the only change to the order is a decrease in share quantity, in which case the order would not receive a new timestamp.²⁴

To illustrate how the proposed Opening Process would operate, consider the following example where the Order Book prior to the start of Regular Market Session is as follows:²⁵

Bid				Offer			
Order	TIF	Time	Price	Order	TIF	Time	Price
A	SYS	9:15	10	B	SYS	9:15	10.05
C	SYS	9:25	9.97	D	SYS	9:29	10.07

²² The term “System” refers to the electronic communications and trading facility designated by the Board through which securities orders of Members are consolidated for ranking and execution. See LTSE Rule 1.160(rr).

²³ Proposed LTSE Rule 11.220(a)(2) would be identical to the opening paragraph of IEX Rule 11.220(a)(2) and IEX Rule 11.220(a)(2)(A), except that proposed LTSE Rule 11.220(a)(2) would: (1) use the phrase “Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities” instead of simply the term “Opening Process” for clarity; (2) not include the word “clearly” before “established” because the word “clearly” is superfluous; and (3) use the term “security” instead of “stock” because the Exchange believes the term “security” more appropriately describes what is intended.

²⁴ Proposed LTSE Rule 11.220(a)(2) would not include references to routable orders, see IEX Rule 11.220(a)(2)(A)(ii), because the Exchange does route orders. See also supra note 17.

²⁵ For purposes of these examples, all orders are limit orders for 100 shares.

And the Pre-Market Session queue is as follows:

Order	TIF	Time in Queue	Price	Type
E	DAY	8:15	10.02	Bid
F	DAY	8:17	10.05	Bid
G	DAY	8:19	10.04	Offer
H	DAY	9:28	10.07	Offer

The Order Book at the start of the Regular Market Session would be as follows, as each of the orders in the Pre-Market Session queue are treated as incoming orders in relative time priority (and for illustrative purposes only, the time to drain each order in the queue is 1 millisecond):

Bid				Offer			
Order	TIF	Time	Price	Order	TIF	Time	Price
E	DAY	9:30:00001	10.02	G	DAY	9:30:00003	10.04
A	SYS	9:15	10	D	SYS	9:29	10.07
C	SYS	9:25	9.97	H	DAY	9:30:00004	10.07

Note that Orders F and B are gone; that is because incoming Order F would have executed against resting Order B.

As described in proposed LTSE Rule 11.231(d), all messages in Non-LTSE-Primary-Listed Securities relevant to the Order Book received after the commencement of the Regular Market Session would be processed after the completion of the Regular Market Session Opening Process. Orders received during the Regular Market Session would become part of the Order Book only after the Pre-Market Session queue is completed. For example, if the following orders are received at the start Regular Market Session:

Order	TIF	Time in Queue	Price	Type
I	DAY	9:30:0001	10.03	Offer
J	DAY	9:30:0002	10	Bid

Then the Order Book would be as follows:

Bid				Offer			
Order	TIF	Time	Price	Order	TIF	Time	Price
E	DAY	9:30:00001	10.02	I	DAY	9:30:0001	10.03
A	SYS	9:15	10	G	DAY	9:30:00003	10.04
J	DAY	9:30:0002	10	D	SYS	9:29	10.07
C	SYS	9:25	9.97	H	DAY	9:30:00004	10.07

The preceding example illustrates how the proposed Opening Process would operate solely for orders in Non-LTSE-Primary-Listed Securities. The Exchange has a different opening process for LTSE-Primary-Listed Securities in Rule 11.350, which would remain unchanged.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁷ 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 the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

²⁶ 15 U.S.C. 78f.

²⁷ 15 U.S.C. 78f(b)(5).

Specifically, the Exchange believes that the proposed rule change is consistent with fostering cooperation and coordination with persons engaged in facilitating transactions in securities. The simplicity and determinism of this Opening Process for Non-LTSE-Primary-Listed Securities will facilitate trading of NMS stocks without imposing burdens on market participants to adapt to, or adopt, another opening cross methodology for securities where the Exchange is not the primary listing market. The Exchange also believes that the streamlined approach of the proposed rule change to commencing trading in the Regular Market Session removes impediments to and perfects the mechanism of a free and open market and a national market system by providing a clear and transparent process designed to provide a means for trading in a Non-LTSE-Primary-Listed Security to open in an orderly and timely manner.

In addition, the Exchange also believes that rejecting market orders with a TIF of DAY received during the Pre-Market Session will provide for a more orderly Opening Process and protect investors and the public interest. The Exchange believes that market orders marked DAY, which are treated as having a TIF of IOC, should be treated in the same way as market orders marked IOC, which are rejected.²⁸

The Exchange further believes that the proposed rule change aligns with the philosophy and principles of the Very Simple Market or VSM™ in that its relatively simple and deterministic model aims to reduce the complexity of the trading process on the Exchange, while acknowledging that alternatives employed by other exchanges and trading venues are part of a dynamic and vibrant national market system. The Exchange also believes that the proposed rule change is consistent with the protection of investors and the public interest in that it would be

²⁸ See LTSE Rule 11.190(a)(2)(E)(ii).

applied fairly and equitably across all market participants, while also providing for orderly and timely openings for Non-LTSE-Primary-Listed Securities.

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

LTSE 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 Opening Process for Non-LTSE-Primary-Listed Securities is designed to promote fair competition among brokers and dealers and exchanges by offering an alternative Opening Process, thereby promoting intermarket competition between exchanges in furtherance of the principles of Section 11A(a)(1) of the Act.²⁹

With respect to intramarket competition, the proposed Opening Process would apply equally to all non-LTSE-Primary-Listed Securities, and all Members and market participants that send orders to LTSE through Members in the Pre-Market Session. As described above, Members are permitted to enter orders for the Pre-Market Session queue, and all orders received are maintained in time priority. Consequently, LTSE does not believe that the proposed rule change would impose any burden on intramarket 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

Written comments were neither solicited nor received.

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;

²⁹ 15 U.S.C. 78k-1(a)(1).

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 Act³⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.³¹

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-LTSE-2020-08 on the subject line.

Paper Comments:

³⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

³¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange 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.

- 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-2020-08. 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-2020-08 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.³²

³² 17 CFR 200.30-3(a)(12).

EXHIBIT 5 – TEXT OF PROPOSED RULE CHANGE

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

LONG-TERM STOCK EXCHANGE RULE BOOK

* * *

Rule 11.190. Orders and Modifiers

Users may enter into the System the types of orders listed in this LTSE Rule 11.190, subject to the limitations set forth in this LTSE Rule 11.190 or elsewhere in the LTSE Rules. Order, modifier, and parameter combinations which are disallowed by the Exchange may be rejected, ignored, or overridden by the Exchange, as determined by the Exchange to facilitate the most orderly handling of User instructions. All orders resting on the Order Book shall be displayable; this requirement shall not preclude the use of market orders, Immediate-or-Cancel Orders, or Inter-market Sweep Orders which, by their terms, are ineligible to rest on the Order Book.

(a) General Order Types

(1) No change.

(2) Market Order. An order to buy or sell a stated amount of a security that is to be executed at or better than the NBBO at the time the order reaches the Exchange. Any portion of a market order that is designated as “LTSE Only” will be canceled if upon receipt by the System, it cannot be executed by the Exchange in accordance with LTSE Rule 11.230. A market order:

(A) - (D) No change.

(E) May only be submitted during the Regular Market Session. [Market orders submitted in the Pre-Market Session may queue for the Opening Process as defined below.] Market orders submitted in the Pre-Market Session or Post-Market Session will be rejected by the System.

(i) No change.

(ii) Market orders marked DAY [submitted before the open of the Regular Market Session are queued by the System until the Opening Auction (or Halt Auction, as applicable) for LTSE-Primary-Listed Securities pursuant to LTSE Rule 11.350, or until the Opening Process for Non-LTSE-Primary-Listed Securities pursuant to LTSE Rule 11.231.] are rejected during the Pre-Market Session and Post-Market Session. Market orders marked DAY are eligible to trade during the Regular Market Session and treated by the System as having a TIF of IOC.

(iii) - (vii) No change.

(3) No change.

(b) No change.

(c) No change.

(d) Cancel and Cancel/Replace (“Order Amendment”) Messages. A User may, by appropriate entry in the System, cancel or replace an existing order entered by the User, subject to the following limitations.

(1) - (5) No change.

(6) If an [o]Order [a]Amendment contains an invalid field, as defined in paragraph (4) above, alone or in conjunction with a supported field, defined in paragraph (3) above, the Exchange will reject the amendment. If an [o]Order [a]Amendment contains an unsupported field alone, defined in paragraph (5) above, the Exchange will reject the amendment. If an [o]Order [a]Amendment contains an unsupported field and a supported field, the Exchange will amend the supported field and ignore the unsupported field. The Exchange will periodically update its FIX specification to specify supported fields, invalid fields, and unsupported fields.

(7) - (8) No change.

(e) AGID Modifier. Any active order designated with an AGID modifier will be prevented from executing against a resting opposite side order also designated with the same AGID modifier and originating from the same MPID or Exchange User (any such identifier, a “group type”). In situations when two orders subject to anti-internalization would match, the older of the orders is canceled. A determination of “older” in this regard is based upon the time the order is received by the System, including by initial order entry or User revision (i.e., [c]Cancel/[r]Replace). The group type elected by a Member controls the interaction between two orders marked with AGID modifiers.

(1) – (4) No change.

Supplementary Material No change.

(f) Order Price Collars and Constraints

(1) Order Collar. Except for orders that are eligible for [the Cross Book pursuant to Rule 11.231 during]the Opening Process for Non-LTSE-Primary-Listed Securities or the Auction Book pursuant to LTSE Rule 11.350(a)(1) during the auction process for LTSE-Primary-Listed Securities, the Exchange Order Collar prevents any incoming order or order resting on the Order Book, including those

marked ISO, from executing at a price outside the Order Collar price range, i.e. prevents buy orders from trading at prices above the collar and prevents sell orders from trading at prices below the collar. The Order Collar price range is calculated using the numerical guidelines for clearly erroneous executions. Executions are permitted at prices within the Order Collar price range, inclusive of the boundaries. Any portion of a market order that would execute at a price beyond the Order Collar is canceled. Any remainder of a limit order that would execute at a price beyond the Order Collar is posted to the Order Book or canceled as per User instructions. Limit orders may post on the Order Book at the Order Collar Price, but never more aggressive. Such orders may be re-priced to a compliant price within or at the Order Collar as the Order Collar price changes due to changing market conditions.

* * *

Rule 11.220. Priority of Orders

- (a) Determination of Rank.
 - (1) No change.
 - (2) [Orders resting on the Order Book shall be ranked and maintained for the Opening Process based on the following priority:
 - (A) Price. The best priced Cross Eligible Order (the highest priced resting order to buy or the lowest priced resting order to sell) has priority over all other orders to buy (or orders to sell) in all cases. Market orders have precedence over limit orders. Cross Eligible Orders resting on the Continuous Book are ranked by the price at which they are resting on the Continuous Book; Cross Eligible Orders resting on the Cross Book are ranked by the limit price defined by the User, if any (in each case, the order's "resting price").
 - (B) Reserved.
 - (C) Time. Equally priced Cross Eligible Orders are ranked in time priority. Where Cross Eligible Orders to buy (or sell) are ranked at the same price, the oldest order at such price shall have precedence. Orders are ranked by the time at which they are posted to the Order Book at a given price, the first to be posted at a given price being the oldest. Cross Eligible Orders maintain their time priority once booked until one of the following occur, at which time the order will receive a new timestamp:
 - (i) An order on the Cross Book is incremented by the User;
 - (ii) An order on the Cross Book is re-priced by the User;

- (iii) Reserved;
- (iv) Reserved
- (v) Reserved
- (vi) Any one of the events specified in LTSE Rule 11.220(a)(1)(C) occurs to an order on the Continuous Book.]Orders queued for the Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities shall be ranked and maintained in time priority. The order established as the oldest in the System shall have precedence among those queued for the Opening Process, up to the number of shares of security specified in the order. Orders are ranked by the time at which they are submitted to the queue, the first to be queued being the oldest. Orders maintain their time priority once queued unless an amendment to the order is submitted by the User by means of a Cancel/Replace pursuant to LTSE Rule 11.190(d), except in the event that the only change to the order is a decrease in share quantity, in which case the order will not receive a new timestamp.

* * *

Rule 11.231. Regular Market Session Opening Process for Non-LTSE-Primary-Listed Securities

- (a) [Order Entry and Cancellation before the Regular Market Session Opening Process (“Opening Process”). Prior to the beginning of Regular Market Hours, Users who wish to participate in the Opening Process may enter orders designated with a TIF of DAY and limit orders designated with a TIF of GTX, which shall queue in the System and are eligible for execution in the Opening Process (the “Cross Book”); interest resting on the Order Book in the Pre-Market Session available for continuous trading (i.e., orders on the Continuous Book) are also eligible for execution in the Opening Process (collectively, “Cross Eligible Orders”). Orders with a Minimum Quantity as defined in LTSE Rule 11.190(b)(11) are not eligible for execution in the Opening Process, and therefore not Cross Eligible Orders.
 - (1) Orders on the Continuous Book and orders on the Cross Book (collectively, the Order Book) shall be ranked and maintained for the Opening Process pursuant to LTSE Rule 11.220(a)(2), as follows:
 - (A) Reserved.
 - (B) Reserved.

- (C) Reserved.
 - (D) Limit orders on the Cross Book are ranked and eligible for execution in the Opening Process at their limit price.
 - (E) Reserved.
 - (F) Limit orders on the Continuous Book are ranked and eligible for execution in the Opening Process at their resting price.
- (b) Performing the Opening Process. The Exchange will attempt to perform the Opening Process beginning at the start of Regular Market Hours, in which the Exchange matches buy and sell Cross Eligible Orders that are executable at the Opening Match Price, as described in paragraph (c) below.
- (1) Execution Priority. Cross Eligible Orders will be processed in accordance with the Exchange's determination of order priority pursuant to LTSE Rule 11.220(a)(2). To the extent there is executable contra side interest, market orders will be executed at the Opening Match Price according to time priority. After the execution of all market orders, the remaining Cross Eligible Orders priced more aggressively than the Opening Match Price will be executed in price – time priority at the Opening Match Price. All remaining Cross Eligible Orders priced equal to the Opening Match Price will execute in time priority at the Opening Match Price. Executions will occur until there is no remaining volume or there is an imbalance of Cross Eligible Orders (the process described above in this paragraph (b), collectively, being the “Opening Match”). All AGID modifiers, as defined in LTSE Rule 11.190(e), will not be supported for executions in the Opening Match, but will be enforced on all unexecuted shares released to the Order Book following the Opening Match.
 - (2) Transition to Regular Market Session. An imbalance of Cross Eligible Orders on the buy side or sell side may result in orders that are not executed in whole or in part. Unexecuted Cross Eligible Orders to buy (sell) that are priced at or above (below) the Cross Price Constraint (but remained unexecuted due to an imbalance of Cross Eligible Orders) will price slide pursuant to LTSE Rule 11.190(g) and all remaining unexecuted Cross Eligible Orders, along with any orders that were either ineligible to participate in the Opening Process or too passive to be executed in the Opening Process, will be released to the Order Book for continuous trading or canceled in accordance with the terms of the order.
- (c) Determination of the Opening Match Price.
- (1) Definitions.

- (A) The term “Away Protected NBB” or “Away Protected NBO” shall mean the national best bid or offer, respectively, that is a Protected Quotation and not a quotation of the Exchange.
 - (B) The term “Away Protected Bid” or “Away Protected Offer” shall mean a Protected Bid or Protected Offer, respectively, that is not a quotation of the Exchange.
 - (C) The term “Cross Price Constraint” shall mean, collectively, the upper and lower threshold prices within which the Opening Match must occur, inclusive of the boundaries. During a crossed market, if the upper threshold price is below the lower threshold price when performing the Opening Process, no Opening Match will occur, orders eligible to post on the Order Book will price slide in accordance with the price sliding process pursuant to LTSE Rule 11.190(g), and the security will open for trading on LTSE in accordance with prevailing market session rules.
 - (i) The upper threshold price of the Cross Price Constraint is equal to the lesser of the price of the Away Protected NBO or the upper threshold of the Order Collar price range for the Regular Market Session, calculated pursuant to Rule 11.190(f)(1)(C), except in the event that an Away Protected Bid is crossing an Away Protected Offer, the upper threshold price is equal to the greater of five cents (\$0.05) or one half of a percent (0.5%) higher than the lowest Away Protected Offer.
 - (ii) The lower threshold price of the Cross Price Constraint is equal to the greater of the price of the Away Protected NBB or the lower threshold of the Order Collar price range for the Regular Market Session, calculated pursuant to Rule 11.190(f)(1)(C), except in the event that an Away Protected Bid is crossing an Away Protected Offer, the lower threshold price is equal to the greater of five cents (\$0.05) or one half of a percent (0.5%) lower than the highest Away Protected Bid.
 - (D) The term “Cross Tie Breaker” shall mean the price of the most current Order Collar Reference Price pursuant to LTSE Rule 11.190(f), rounded to the nearest MPV.
- (2) The Opening Match Price in a Two-sided Market. When the Exchange performs the Opening Process for a security, if both an Away Protected Bid and Away Protected Offer exist for the subject security, the following process will be used to determine the Opening Match Price.
- (A) The Opening Match shall occur at the price that maximizes the number of shares of Cross Eligible Orders to be executed;

- (B) If more than one price exists under subparagraph (A) resulting in a cross price range, the Opening Match shall occur at the price at or within such range that is not lower (higher) than the most aggressive unexecuted buy (sell) order;
 - (C) If more than one price exists under subparagraph (B), the Opening Match shall occur at the price closest or equal to the Cross Tie Breaker; and
 - (D) If the Opening Match Price established by subparagraphs (A)-(C) above is below (above) the lower (upper) threshold price of the Cross Price Constraint, the Opening Match shall occur at the lower (upper) threshold price of the Cross Price Constraint.
- (3) The Opening Match Price in a One-Sided Market. When the Exchange performs the Opening Process for a security, if there is a lack of an Away Protected Bid and/or Away Protected Offer for the subject security, the following process will be used to determine the Opening Match Price.
 - (A) The Opening Match shall occur at the price of the Cross Tie Breaker; and
 - (B) If the price that exists under subparagraph (A) is below (above) the lower (upper) threshold price of the Cross Price Constraint, the Opening Match shall occur at the lower (upper) threshold price of the Cross Price Constraint, if any.
- (d) Opening Process Contingency Procedures.
 - (1) When a disruption occurs that prevents the execution of the Opening Process as set forth above, LTSE shall apply the following Opening Process Contingency Procedures.
 - (A) LTSE will publicly announce that no Opening Process will occur. All orders on the Order Book will be canceled, and LTSE will open the security for trading without an Opening Match.
- (e) If a security is subject to a halt, suspension, or pause in trading during the Pre-Market Session, the Exchange will not accept orders in the security for queuing on the Cross Book and participation in the Opening Process or otherwise. Pursuant to LTSE Rule 11.271, any order submitted during a halt will be rejected by the System. Any orders resting on the Order Book at the time of a trading halt will not be canceled by the System, and will be unavailable for trading during the trading halt, but will be available for cancellation by the submitting User. If the halt, suspension, or pause remains in effect at the start of Regular Market Hours, the Opening Process will not occur at the normally scheduled time. Instead, once the security resumes trading, the Exchange will conduct the Opening Process with any Cross Eligible Orders that remain. Following the conclusion of

the Opening Process, the Exchange will accept and execute orders as usual in accordance with prevailing market session rules.

- (f) Pursuant to Rule 611(b)(3) of Regulation NMS, orders executed in the Opening Process shall constitute a single-priced opening transaction by the Exchange and may trade-through or trade-at the price of any other Trading Center's Manual or Protected Quotations.]Pre-Market Order Queue. Orders for Non-LTSE-Primary-Listed Securities not eligible for trading prior to the commencement of the Regular Market Session that are received and queued during the Pre-Market Session as described in Rule 11.190(a) are queued in the time sequence of their receipt by the System, pursuant to Rule 11.220(a)(2).
- (b) Queued Order Modification. Orders in the Pre-Market Session order queue prior to the Regular Market Session may be modified consistent with Rule 11.190(d). Any modification to an order so queued may result in the time of receipt being updated to the time of receipt of the last modification consistent with the application of a new timestamp, pursuant to Rule 11.220(a)(2).
- (c) Queued Order Opening Process. At the commencement of the Regular Hours Trading, orders for Non-LTSE-Primary-Listed Securities in the Pre-Market Session order queue are processed as incoming orders, consistent with Rules 11.190 and 11.230 in their relative time priority, pursuant to Rule 11.220(a)(2).
- (d) All messages in Non-LTSE-Primary-Listed Securities relevant to the Order Book received after the commencement of the Regular Market Session will be processed after the completion of the Regular Market Session Opening Process.
- (e) If a security is subject to a halt, suspension, or pause in trading during the Pre-Market Session, the Exchange will not accept orders for that security for the Regular Market Session Opening Process or otherwise. If the halt, suspension, or pause remains in effect at the time of the Regular Market Session Opening Process, the Opening Process will not occur at the normally scheduled time. Once the security resumes trading, the Exchange will conduct the Regular Market Session Opening Process for any orders in the Pre-Market Session order queue, then accept and execute orders as usual in accordance with prevailing market session rules.

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