SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103516; File No. SR–MSRB–2025–01]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Amend Rule G–14 RTRS Procedures Under MSRB Rule G–14 Regarding the Timing of Reporting Transactions in Municipal Securities to the MSRB and To Make a Related Amendment to Rule G–12

July 22, 2025.

On June 10, 2025, the Municipal Securities Rulemaking Board (''MSRB'' or ''Board'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'' or ''Exchange Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to (i) amend Rule G–14 RTRS Procedures under MSRB Rule G–14, on reports of sales or purchases, to rescind a previously approved but not yet effective shortening of the amount of time within which brokers, dealers and municipal securities dealers (''dealers'') must report most transactions to the MSRB, reverting such timeframe to the currently effective 15-minute reporting timeframe, (ii) amend the Rule G–14 RTRS Procedures to eliminate two previously approved but not yet effective reporting exceptions and a manual trade indicator relating to the rescinded shortened timeframes, and (iii) make a related conforming amendment to MSRB Rule G–12, on uniform practice (''Rule G–12''), as described herein (the ''proposed rule change'').[3] The proposed rule change was published for comment in the **Federal Register** on June 20, 2025.[4]

Section 19(b)(2) of the Act [5] provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is August 4, 2025. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change, the issues raised therein, and the comments received.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,[6] designates September 18, 2025, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–MSRB–2025–01).

For the Commission, pursuant to delegated authority.[7]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–14025 Filed 7–24–25; 8:45 am]

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 34–103262 (June 16, 2025), 90 FR 26390 (June 20, 2025) (''Notice''). Comments on the proposed rule change are available at *https://www.sec.gov/comments/sr-msrb-2025-01/srmsrb202501.htm.*

[4] Notice, 90 FR at 26390.

[5] 15 U.S.C. 78s(b)(2).

[6] *Id.*

[7] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103517; File No. SR–LTSE–2025–16]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend LTSE Fee Schedule To Adopt a Liquidity Incentive Program

July 22, 2025.

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on July 10, 2025, 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

The Exchange is filing with the Securities and Exchange Commission (''Commission'') a proposed rule change to amend the LTSE Fee Schedule to adopt a Liquidity Incentive Program (''LTSE LIP'' or ''Program'') designed to enhance market quality by incentivizing market participants to provide liquidity and encourage executions in both LIP Enhanced Securities and LIP Standard Securities. The Exchange proposes to implement the changes to the fee schedule pursuant to this proposal on July 10, 2025.

The text of the proposed rule change is available at the Exchange's website at *https://longtermstockexchange.com/,* and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend the Exchange's Fee Schedule to adopt a Program designed to enhance liquidity and improve market quality in securities traded on the Exchange by incentivizing Members to quote at the National Best Bid and Offer (''NBBO'') and provide liquidity in both select securities, the ''LIP Enhanced Securities'' and more generally in all other securities traded on LTSE, the ''LIP Standard Securities.'' The Program includes three key incentives: (1) a proportional share of 80% of LTSE's SIP Quote Revenue [3] for

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

[2] 17 CFR 240.19b–4.

[3] The Securities Information Processors (''SIPs''), which include the Unlisted Trading Privileges and Consolidated Tape Association, collect fees from subscribers for trade and quote tape data received from trading centers and reporting facilities, such as the Exchange (collectively, ''SIP Participants''). After deducting the cost of operating each tape, the profits are allocated among the SIP Participants on a quarterly basis, according to a complex set of calculations that consider estimates of anticipated Market Data Revenue (''MDR''), adjustments to comport to actual MDR from previous quarters and a non-linear aggregation of total trading and quoting activity in Tape A, B and C securities in attributing

Continued

LIP Enhanced Securities, distributed among qualifying Members based on quoting activity; (2) reduced taker fees for LIP Enhanced Securities, available to all Members without quoting obligations; and (3) for LIP Standard Securities, a choice between a proportional share of 20% of LTSE's SIP Quote Revenue or a quarterly credit, contingent on meeting specific quoting thresholds.

Background

The Program is designed to incentivize the posting of quotes that join or establish a new National Best Bid or Offer (NBBO) through incentive payments. LTSE applies several objective factors concerning each security's trading characteristics and generally designates the securities that meet certain thresholds with respect to these factors to be LIP Enhanced Securities, while all remaining securities traded on the Exchange will be designated as LIP Standard Securities. These factors include average spread, daily turnover, market cap, volatility, share price, public float, % held by active investors, and average daily volume traded.[4]

LTSE uses the above factors to assess which securities are suitable for inclusion in the list of LIP Enhanced Securities, with a goal of identifying securities in which increased quoting at the NBBO would be impactful to both LTSE and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the LTSE LIP.

LTSE will publish the list of LIP Enhanced Securities on its website (on the Schedule of Fees), and prior to the start of each quarter, the Exchange will reevaluate and, as applicable, update its list of LIP Enhanced Securities. Any updates to the list of LIP Enhanced Securities will be published on LTSE's Schedule of Fees no later than one day prior to the start of the quarter (the Exchange will endeavor to update its LIP Enhanced Securities up to five trading days before the start of the next quarter). LTSE believes that the incentives created by the Program are likely to increase quoting in both the LIP Enhanced Securities and the LIP Standard Securities, as discussed below, thereby providing improved trading conditions for all market participants through narrower spreads and increased depth of liquidity available at the NBBO.

Additionally, the Exchange proposes, as part of the Program, to reduce take fees for LIP Enhanced Securities from 30 mils to 20 mils, in an effort to further incentivize order takers to engage with quoting activity under the LTSE LIP. This adjustment is expected to drive greater order flow, contributing to a more robust and dynamic market.

Lastly, the Exchange proposes, as part of the Program, to incentivize quoting in LIP Standard Securities by offering two benefits to Members who (i) qualify for Incentive #1, as defined below, in at least 50 Enhanced Securities (*i.e.,* 50 unique symbols designated as LIP Enhanced Securities) and (ii) maintain NBBO quoting in a LIP Standard Security for at least 25% of the Regular Market Session. Qualifying Members may elect either: (1) a proportional share of the Exchange's SIP Quote Revenue attributable to that LIP Standard Security; or (2) a quarterly credit of $75 per LIP Standard Security per Market Participant ID (MPID).

As discussed above and detailed below, the LTSE LIP is composed of three (3) incentives.

Incentive #1

The first incentive is designed to encourage Members to improve market quality by quoting at the NBBO[5] for at least 60% of the Regular Market Session[6] on the Exchange and at a Minimum Quoted Size,[7] in certain specific securities, referred to by the Exchange as LIP Enhanced Securities, in a calendar quarter. Members who qualify for this incentive will receive a proportional share of 80% of LTSE's SIP Quote Revenue for that LIP Enhanced Security.[8] The list of LIP Enhanced Securities and the associated Minimum Quoted Size will be published on the Exchange's website and updated no more than quarterly.

Incentive #2

The second incentive provides all Members the benefit of reduced taker fees (from 30 mils to 20 mils) when trading LIP Enhanced Securities, with no quoting obligation required. The Exchange believes that reducing take fees in LIP Enhanced Securities will encourage participation at the NBBO, as discussed above, enhance market competition and benefit investors by fostering a more efficient and transparent trading environment. Lower take fees reduce transaction costs for liquidity takers, encouraging greater order flow and interaction with displayed liquidity. This, in turn, incentivizes market participants to compete more aggressively to provide liquidity, leading to tighter bid-ask spreads, increased depth of book, and improved price discovery. Additionally, when market makers and liquidity providers are rewarded for quoting at the NBBO, alongside reduced costs for liquidity takers, it strengthens overall market quality by promoting fair and efficient execution. Investors—particularly retail traders and institutional participants—benefit from more competitive pricing, lower execution costs, and reduced market impact, aligning with the broader goal of fostering a robust and competitive exchange ecosystem.

Incentive #3

Lastly, the Exchange is seeking to incentivize quoting in LIP Standard Securities by offering Members that qualify for Incentive #1 in at least 50 of the LIP Enhanced Securities (*i.e.,* 50 unique symbols designated as LIP Enhanced Securities) and are quoting at the NBBO in at least one round lot for at least 25% of the Regular Market Session in a LIP Standard Security to choose between: a proportional share of 20% of LTSE's SIP Quote Revenue for that LIP Standard Security; or a quarterly credit of $75 per LIP Standard Security per Market Participant ID (MPID).[9]

Determining LTSE LIP Eligibility and Proportionate SIP Revenue Share:

- *Incentive #1:*

MDR to each SIP Participant. Based on these calculations, the SIPs provide MDR payments to each SIP Participant during the second month of each quarter for trade and quote data from the previous calendar quarter, which are subject to adjustment through subsequent quarterly payments. These payments can be divided into six pools (*i.e.,* trade and quote activity in Tape A, B, and C securities).

[4] The Exchange has discussed with Commission staff the thresholds it intends to apply to these objective factors.

[5] With respect to the trading of equity securities, the term "NBB" shall mean the national best bid, the term "NBO" shall mean the national best offer, and the term "NBBO" shall mean the national best bid and offer. *See* Exchange Rule 1.160(y).

[6] Regular Market Session or Regular Market Hours means the time between 9:30 a.m. and 4:00 p.m. Eastern Time. *See* Exchange Rule 1.160(kk).

[7] Minimum Quoted Size will be calculated using a combination of Average Daily Volume ("ADV") and share price for each LIP Enhanced Security and published quarterly on the Exchange's website.

[8] The Exchange notes that it will aggregate each Member's MPIDs and view quotes by Member Firm to determine the number of securities in which the Member meets the quoting requirements for that day.

[9] *See* NYSE American Equities Price List for a similarly structured pricing incentive. *https://www.nyse.com/publicdocs/nyse/markets/nyse-american/NYSE_America_Equities_Price_List.pdf* (The proposed LIP fee structure is comparable to the NYSE American equity fee schedule, which also employs quote-based transaction credits—incentivizing eDMMs or LMMs to quote at the NBBO through tiered monthly rebates—demonstrating a similar performance-based approach to enhancing displayed liquidity.)

○ *Step 1:* On a daily basis, identify all eligible quotes per Member in each LIP Enhanced Security. Eligible bids (offers) are displayed (or represent the displayed portion of a reserve order), priced at or better than the NBB (NBO), and have a quoted size at or better than the Minimum Quoted Size, as follows:

LIP ENHANCED SECURITY MINIMUM QUOTED SIZE [10]

Average daily share volume	Share price			
	<$5	$5–14.99	$15–49.99	$50+
<5,000	700	400	300	200
5,000–24,999	700	400	300	200
25,000–74,999	700	400	300	200
75,000–199,999	700	400	300	200
200,000–499,999	700	400	300	200
500,000+	2,000	1,000	500	300

○ *Step 2:* Calculate the % time at the NBBO as follows:

▪ *Step 2A:* Calculate the % time at the NBB: Numerator = Total number of seconds that eligible bids were priced at or better than the NBB. Denominator = Total number of seconds in a trading day (23,400)

▪ *Step 2B:* Calculate the % time at the NBO: Numerator = Total number of seconds that eligible offers were priced at or better than the NBO. Denominator = Total number of seconds in a trading day (23.400)

▪ *Step 2C:* Calculate the average % time at the NBBO: Sum the results of Step 2A and 2B and divide by two. This represents the daily % Time at NBBO.

▪ *Step 2D:* Average each daily % Time at NBBO across the number of trading days in a calendar quarter. If this average is at or above 60%, the firm qualifies for Incentive #1 SIP Quote Revenue Sharing in that LIP Enhanced Security.

○ *Step 3:* On a quarterly basis, proportionally allocate SIP Quote revenue to each qualifying firm.

▪ *Step 3A:* Per LIP Enhanced Security, calculate attributable Quote Credits per Member for each of their eligible quotes across a calendar quarter. The Quote Credit associated with an individual eligible quote is the product of three factors: Duration at NBBO, Quoted Price, and Quoted Size. Quote Credits will be summed per firm.

▪ *Step 3B:* Per LIP Enhanced Security, calculate the Quote Credit Share for each qualifying firm: Numerator = the results of Step 3A. Denominator = Total Quote Credits across all Firms (includes quote credits for qualifying and non-qualifying firms).

▪ *Step 3C:* Identify shareable SIP Quote Revenue per LIP Enhanced Security. The Exchange will multiply its SIP Quote Revenue per LIP Enhanced Security (as provided by the SIP Processors on a quarterly basis) by 80%.

▪ *Step 3D:* Calculate the proportionate SIP Quote Revenue per qualifying firm. Multiply the results of Steps 3B and 3C. For example, if Firm A's Quote Credit Share is 30% and LTSE earns $100 in SIP Quote Revenue in symbol ABC, Firm A will receive $24 ($100 * 80% * 30%) for symbol ABC for Incentive #1.

• *Incentive #3:*

○ *Step 1:* Determine which firms qualified for Incentive #1 in at least 50 of the LIP Enhanced Securities (*i.e.,* 50 unique symbols designated as LIP Enhanced Securities) in the current or previous calendar quarter. Only these firms move on to Step 2.

○ *Step 2:* Per LIP Standard Security, per MPID belonging to a qualifying firm, calculate the % Time at NBBO, in the same manner as in Incentive #1 Step 2. If this calculation is at or above 25%, that MPID qualifies for Incentive #3 in that LIP Standard Security.

○ *Step #3:* Qualifying firms will notify LTSE of their incentive selection, per LIP Standard Security, before the end of the calendar quarter. For qualifying firms who choose the Quote Sharing option under Incentive #3, calculate the firm's Quote Revenue Share per LIP Standard Security in the same manner as in Incentive #1 Step 3 (except the Exchange will share 20% rather than 80% of its SIP Quote Revenue under Incentive #3). For qualifying firms who choose the Quarterly Credit option under Incentive #3, calculate the firm's quarterly credit as the product of: number of qualifying MPIDs and the Quarterly Credit ($75).

For the purposes of determining qualification for the LTSE LIP, the Exchange will exclude: (1) Any trading day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Market Hours; (2) any day with a scheduled early market close; (3) the ''Russell Reconstitution Day'' (typically the last Friday in June). As further detail regarding such proposed exclusions, an Exchange system disruption may occur, for example, where a certain group of securities traded on the Exchange is unavailable for trading due to an Exchange system issue. The Exchange believes that these types of Exchange system disruptions could preclude Members from participating on the Exchange to the extent that they might have otherwise participated on such days, and thus, the Exchange believes it is appropriate to exclude such days when determining whether a Member meets the applicable quoting requirements during a quarter to avoid penalizing Members that might otherwise have met such requirements. Additionally, the Exchange believes that scheduled early market closures, which typically are the day before, or the day after, a holiday, may preclude some Members from participating on the Exchange at the same level that they might otherwise. For similar reasons, the Exchange believes it is appropriate to exclude the Russell Reconstitution Day in the same manner, as the Exchange believes that the Russell Reconstitution Day typically has extraordinarily high, and abnormally distributed, trading volumes and the Exchange believes this change to normal

[10] To facilitate a smooth implementation and allow Members adequate time to adapt their quoting behavior, the Exchange proposes to temporarily set the LIP Enhanced Security Minimum Quoted Size at a round lot across all LIP Enhanced Securities during the first calendar quarter of the Program's roll-out. This phased approach is intended to reduce operational complexity and promote Member participation in the early stages of the Program. The Exchange believes that this temporary threshold will encourage quoting activity without imposing undue burdens during the initial launch, thereby supporting the LIP's goal of improving market quality in a broad set of securities. The Exchange anticipates restoring the graduated minimum size thresholds, as set forth in the chart above, in the LIP's second quarter, *i.e.,* October 1, 2025. Consistent with the LIP's design, the Exchange will publish the updated thresholds for each LIP Enhanced Security on its website in advance of the second quarter.

activity may affect a Member's ability to meet the quoting requirement across various securities on that day. The Exchange notes that the exclusion of any day during which the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Market Hours, any day with a scheduled early market close, and the Russell Reconstitution is consistent with the methodologies used by other exchanges when calculating certain Member trading and other volume metrics for purposes of determining whether Members qualify for certain pricing incentives, and the Exchange believes application of these methodologies is similarly appropriate for the proposed LTSE LIP.[11]

The LTSE LIP will be open to all Members and will not impose any two-sided quotation obligations on any Member seeking to qualify for the Program. Accordingly, the LTSE LIP is designed to attract liquidity from any firm that is willing to provide liquidity at the NBB or NBO in LIP Enhanced Securities specifically, and LIP Standard Securities, more generally. The Exchange is proposing to provide Members an opportunity to earn SIP revenue as a means of recognizing the value of market participants that consistently enter quoting interest at the NBBO in LIP Enhanced Securities specifically, and LIP Standard Securities, more generally. Through the Program, the Exchange seeks to provide improved liquidity for all market participants through narrower bid-ask spread and increased depth of liquidity in the LIP Enhanced Securities specifically, and LIP Standard Securities, more generally.

The Exchange notes that the proposed LTSE LIP is similar to IEX's Supplemental Market Quality Program, which provides financial incentives for members entering displayed orders or quotes priced at the NBBO in certain securities designated by IEX.[12] Additionally, the Program is similar to the Enhanced Market Quality Program offered by Nasdaq BX,[13] which also pays a fixed sum to Members that quote exchange-specified securities at the NBBO for at least a minimum percentage time of the day.[14] The proposed LTSE LIP is also similar to the ''Market Quality'' program offered by MIAX PEARL.[15] Additionally, LTSE's process for selecting LIP Enhanced Securities, which, as described above, is designed to use objective criteria to identify securities in which increased quoting would be impactful to both LTSE and the market is analogous to the manner in which Cboe EDGA's NBBO Setter Program provides a rebate for quoting in ''illiquid securities on the Exchange.'' [16] Finally, the Exchange notes that its proposed LTSE LIP is also similar to the recently discontinued quote revenue sharing program of Nasdaq PSX.[17]

In addition to the foregoing changes, the Exchange proposes to add a Notes to LTSE LIP section to the Fee Schedule to add definitions of the terms and other clarifying points. Specifically, the Exchange proposes to adopt definitions for ''LIP Enhanced Securities,'' ''LIP Standard Securities'' and ''Percent Time at NBBO,'' that are consistent with the description of those terms as set forth above, as such terms are used above describing the calculation methodology and criteria for determining whether a Member qualifies for quote sharing under the LTSE LIP that the Exchange is proposing to add to the Fee Schedule, as described above. Additionally, the Exchange proposes to adopt language clarifying the following:

- the Minimum Quoted Size will be calculated for each LIP Enhanced Security and published quarterly.
- Incentive #1 and Incentive #3 will be calculated, and eligibility determined, on a quarterly basis [18] rather than monthly; revenue will be shared proportionally based on quoting activity. For Incentive #3 Members who choose the quarterly credit can apply that credit in the calendar quarter in which they earned it, or the subsequent calendar quarter. Members that qualify for Incentive #1 and Incentive #3 will receive their share of the revenue subsequent to the Exchange receiving the quote revenue from the SIP.
- ''Percent Time at NBBO'' means the average of the percentage time during the Regular Market Session where a Member has a displayed quote at the national best bid (''NBB'') or national best offer (''NBO''). For the avoidance of doubt, only quotes that are at the NBB or NBO during the Regular Market Session count towards the Percent Time at NBBO calculation.
- The Exchange excludes from its calculation of Percent Time at NBBO: (1) any trading day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during the Regular Market Session; (2) any day with a scheduled early market close; and (3) the ''Russell Reconstitution Day'' (typically the last Friday in June).

[11] *See* Miax Pearl's equities trading fee schedule on its public website (available at: *https://www.miaxglobal.com/sites/default/files/fee_schedule-files/MIAX_Pearl_Equities_Fee_Schedule_06062025.pdf;* the Cboe BZX Exchange, Inc. (''Cboe BZX'') equities trading fee schedule on its public website (available at: *https://www.cboe.com/us/equities/membership/fee_schedule/bzx/*); the Cboe EDGX Exchange, Inc. (''Cboe EDGX'') equities trading fee schedule on its public website (available at: *https://www.cboe.com/us/equities/membership/fee_schedule/edgx/*); and the MEMX LLC, (''MEMX'') equities trading fee schedule on its public website (available at: *https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/*).

[12] *See* Securities Exchange Act Release No. 103131 (May 27, 2025), 90 FR 23397 (June 2, 2025) (SR–IEX–2025–07) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend IEX's Fee Schedule to Establish a Supplemental Market Quality Program).

[13] *See* Nasdaq BX Equities VII Section 118(g).

[14] Nasdaq BX's Enhanced Market Quality Program (''EMQP'') sets different percentage thresholds depending upon if the security is quoted on Tape A or B (and not Tape C securities). The EMQP also increases its incentive fees based upon the number of securities quoted at the NBBO for at least the threshold percentage of market hours. These differences between the proposed LTSE LIP and the EMQP reflect different pricing approaches of different exchanges, but the core functionality of the two programs is substantially similar. *Id.*

[15] MIAX PEARL's NBBO Program was implemented beginning September 1, 2023, and subsequently amended several times. See, *e.g.,* Securities Exchange Act Release Nos. 98472 (September 21, 2023), 88 FR 66533 (September 27, 2023) (SR–PEARL–2023–45); 99318 (January 11, 2024), 89 FR 3488 (January 18, 2024) (SR–PEARL–2023–73); 99695 (March 8, 2024), 89 FR 18694 (March 14, 2024) (SR–PEARL–2024–11). In a subsequent filing, MIAX PEARL stated that the ''list of MQ Securities is generally based on the top multi-listed symbols by ADV across all U.S. securities exchanges.'' See Securities Exchange Act Release No. 101611 (November 13, 2024), 89 FR 91455 (November 19, 2024) (SR–PEARL–2024–50). While MIAX PEARL uses quoting at the NBBO in the ''Market Quality Securities'' as a means of qualifying for certain rebate tiers (and not to share quote revenue to qualifying members like LTSE proposes), the Market Quality program is like LTSE's proposed Program in that it provides financial incentives to Members based upon increased quoting in a subset of securities specified by the exchange.

[16] *See* Securities Exchange Act Release No. 102842 (April 11, 2025), 90 FR 16356 (April 17, 2025) (SR–CboeEDGA–2025–009) (providing a rebate for quoting in approximately 9,700 securities that are not on an excluded securities list, with the excluded securities list being a combination of securities included in the S&P 500 Index, the Nasdaq 100 Index, and ''certain ETPs the Exchange believes have a high level of liquidity'').

[17] *See* Securities Exchange Act Release No. 34–100060 (May 3, 2024), 89 FR 39668 (May 9, 2024) (SR–Phlx–2024–18) (Establishing the quote revenue sharing program.) (This program implemented a market data revenue rebate program offering tiered rebates tied to quoting activity (*i.e.,* providing displayed liquidity at the NBBO), similar to the program proposed herein, in that both programs use performance-based incentives tied to quote presence in a defined universe to bolster liquidity.) Phlx recently filed to terminate the program stating it no longer provided a growth incentive that aligned with the Exchange's needs. See Securities Exchange Act Release No. 34–102844 (April 11, 2025), 90 FR 16226 (April 17, 2025) (SR–Phlx–2025–19).

[18] The Exchange proposes to determine eligibility on a quarterly basis to align with the quarterly distributions to the SIP Participants, as discussed above.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[19] in general, and furthers the objectives of Section 6(b)(4) of the Act,[20] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is reasonable, fair and equitable, and non-discriminatory.

The Exchange operates in a highly fragmented and competitive market in which market participants can readily direct their order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of sixteen registered equities exchanges, and there are a number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 15% of the total market share of executed volume of equities trading.[21] Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow, and the Exchange currently represents approximately 0.01% of the overall market share. The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and also recognized that current regulation of the market system ''has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.'' [22]

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue or reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. The Exchange believes the proposal reflects a reasonable and competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance liquidity and market quality in both a broad manner with respect to LIP Standard Securities and in a targeted manner with respect to the LIP Enhanced Securities.

LTSE Liquidity Incentive Program

The Exchange believes that the proposed LTSE Liquidity Incentive Program is reasonable, equitable, and not unfairly discriminatory under Section 6(b)(4) and 6(b)(5) of the Exchange Act, notwithstanding that it provides higher quote-sharing revenue in LIP Enhanced Securities compared to LIP Standard Securities. The quoting obligations applicable to LIP Enhanced Securities are more rigorous than those for LIP Standard Securities, and the enhanced rebates are designed to reflect the value of market participants that quote consistently at the NBBO across a broad range of securities with respect to the LIP Enhanced Securities in particular.

The Commission has consistently permitted exchanges to adopt differentiated pricing for distinct categories of securities, provided that the distinctions are based on reasonable, non-arbitrary criteria and further the purposes of the Act.[23] For example, IEX's Supplemental Marker Quality program, Nasdaq's differentiated rebates for securities in Tapes A, B and C, and the Miax Pearl's pricing for ''MQ Securities,'' reflect the Commission recognition that the fee differentiation is permissible where it supports market quality goals.

Similarly, the Exchange's proposal to allocate greater quote-sharing revenue to LIP Enhanced Securities is designed to promote improved quoting and execution quality in those symbols, including by encouraging liquidity provision and lowering transaction costs for takers. Differentiating fees and rebates by symbol is not unfairly discriminatory because participation in the Program is voluntary, the distinctions are grounded in objective criteria, and the Program is calibrated to promote the statutory goals of fair and orderly markets and the protection of investors.

The Program is intended to encourage Members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities generally, and in LIP Enhanced Securities in particular, thereby benefiting the Exchange and other investors by providing improved trading conditions for all market participants through narrower bid-ask spreads and increasing the depth of liquidity available at the NBBO in a broad base of securities, including the LIP Enhanced Securities. Additionally, the Exchange believes that by offering incentives in LIP Standard Securities for Members that meet specific quoting minimums in LIP Enhanced Securities, will incentivize Members to quote at the NBBO in a more generalized manner to receive the additional incentives for quoting in LIP Standard Securities. Thus, the Exchange believes that the proposed Program will promote price discovery and market quality in LIP Enhanced Securities and more generally on the Exchange, and, further, that the resulting tightened spreads and increased displayed liquidity will benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, enhancing quoting competition across all exchanges, and promoting market transparency.

The Exchange further believes that the proposed criteria for LIP Enhanced Securities and LIP Standard Securities, and the associated rebate for each is reasonable, in that the proposed criteria for LIP Enhanced Securities is more difficult to achieve than that of LIP Standard Securities, and thus qualifying for the quote revenue in LIP Enhanced Securities appropriately offers a higher share of quote revenue commensurate with the corresponding higher quoting threshold. Therefore, the Exchange

[19] 15 U.S.C. 78f(b).

[20] 15 U.S.C. 78f(b)(4).

[21] Market share percentage calculated as of March 31, 2025, with data made available through consolidated data feeds (*i.e.,* Consolidated Tape System (CTS) and Unlisted Trading Privilege (UTP) data feeds).

[22] *See* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37499 (June 29, 2005).

[23] The IEX fee schedule provides incentives for posting displayed orders priced at the NBBO in designated securities ''SQM Securities.'' *See https://cdn.prod.website-files.com/635ad1b3d188c10deb1ebcba/6838b3379b9403746ebe5860_Fee_Schedule_as_of_June_1_2025%20(pre%20June%201)_as%20of%20may%2029.pdf.* Nasdaq's fee schedule provides for differentiated rebates by security type, particularly distinguishing between Tape A, B and C securities. For example, the schedule currently provides a rebate structure in which additional rebates are provided for executions in Tape A and C securities at $0.000075 per share, while rebates for Tape B are lower at $0.00005 per share. *See https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-equity-7.* Miax Pearl adopted a symbol-specific incentive program that provides enhanced rebates or reduced fees for trading in certain ''MQ Securities'' identified on their fee schedule. *See https://www.miaxglobal.com/sites/default/files/fee_schedule-files/MIAX_Pearl_Equities_Fee_Schedule_06062025.pdf.*

believes that the Program, as proposed, is consistent with an equitable allocation of fees and rebates, as the more stringent criteria correlates with the corresponding higher quote revenue.

Additionally, LTSE believes that the manner in which it selects securities for inclusion in the LIP Enhanced list is consistent with the Act because it is reasonable, equitable, and not unfairly discriminatory (to customers, issuers, brokers or dealers). As discussed in the Purpose section, LTSE designates securities to be LIP Enhanced Securities by applying several objective factors concerning each security's trading characteristics and designating the securities that meet certain thresholds with respect to these factors to be LIP Enhanced Securities. These factors are designed to identify securities in which increased quoting would be impactful to both LTSE and the market, but not unduly burdensome to its Members in meeting the quoting requirements to qualify for the Program. Because the process of selecting LIP Enhanced Securities is designed to use objective criteria to create a list of securities for which inclusion in the Program could meaningfully increase liquidity (increasing price improvement opportunities for those securities), it is consistent with the goals of the Act to remove impediments to and perfect the mechanism of a free and open market.

In addition, the Exchange believes that it is reasonable and consistent with an equitable allocation of fees to lower the take fee for executions in LIP Enhanced Securities because this will encourage participation at the NBBO, thereby enhancing market competition and benefiting investors by fostering a more efficient and transparent trading environment. This trading activity benefits all investors by promoting price discovery and increasing the depth of liquidity available at the NBBO and benefits the Exchange itself by enhancing its competitiveness as a market center that attracts actionable orders.

Further, the Exchange notes that the proposed Program is offered uniformly to all Members, and any Member may choose to qualify for quote sharing by meeting the associated requirements in any quarter, and the lower take fee in LIP Enhanced Securities regardless of the volume of transactions that it executes on the Exchange. Additionally, the Exchange notes that Members that do not meet the proposed eligibility requirements may still benefit from the lower take fee in LIP Enhanced Securities. Accordingly, the Exchange believes that it is consistent with an equitable allocation of fees and is not unfairly discriminatory to offer a higher share of quote revenue for LIP Enhanced Securities, as Members are required to meet a more stringent threshold than with respect to LIP Standard Securities, and both are eligible for some amount of quote revenue and such incentives are designed to benefit the Exchange and market participants by enhancing market quality.

Furthermore, as noted above, the proposed Program is similar in structure and purpose to pricing programs in place at other exchanges that are designed to enhance market quality.[24] Specifically, these programs, like the proposed LTSE LIP, provide a higher rebate for executions of liquidity-adding displayed orders for members that achieve minimum quoting standards, including minimum quoting at the NBBO in a large number of securities generally, or certain designated securities in particular.[25] The Exchange also notes that the proposed LTSE LIP is not dissimilar from volume-based rebates and fees which have been widely adopted by exchanges[26] and are equitable and not unfairly discriminatory because they are generally open to all members on an equal basis and provide higher rebates and/or lower fees that are reasonably related to the value of an exchange's market quality. Much like volume-based tiers are designed to incentivize higher levels of liquidity provision, the proposed LTSE LIP is designed to incentivize enhanced market quality on the Exchange through tighter spreads, greater size at the NBBO, and greater quoting depth in a large number of securities generally, and in LIP Enhanced Securities specifically, through the provision a greater proportional share of the SIP revenue which will in turn incentivize higher levels of displayed liquidity in a general manner. Accordingly, the Exchange believes that the proposed LTSE LIP would act to enhance liquidity and competition across exchanges in LIP Enhanced Securities specifically and enhance liquidity provision in all securities on the Exchange more generally by providing quote revenue for quoting in LIP Standard Securities which is reasonably related to such enhanced market quality to the benefit of all investors, thereby promoting the principles discussed in Sections 6(b)(4) and 6(b)(5) of the Act.[27]

The Exchange also believes that the calculation methodology and criteria for determining whether a Member satisfies the requirements to qualify for the Program, as well as the definitions of terms that are used, is reasonable, equitable, and non-discriminatory because the definitions are designed to ensure that the Fee Schedule is clear and as easily understandable as possible with respect to the requirements of the proposed Program. Additionally, the Exchange believes that excluding (1) any trading day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours; (2) any day with a scheduled early market close; and (3) the Russell Reconstitution Day, when determining whether a Member qualifies for a proposed Program during a quarter is reasonable, equitable, and non-discriminatory because, as explained above, the Exchange believes doing so would help to avoid penalizing Members that might otherwise have met the requirements to qualify for a proposed Program due to Exchange system disruptions, abbreviated trading days, and/or abnormal market conditions. For similar reasons, the Exchange believes it is appropriate to exclude the Russell Reconstitution Day, as the Exchange believes the change to normal trading activity as a result of the Russell Reconstitution may affect a Member's ability to meet the quoting requirement across various securities on that day. The Exchange notes that its proposed calculation methodology is consistent with the methodologies used by other exchanges when calculating certain member trading and other volume metrics for purposes of determining whether members qualify for certain pricing incentives.[28] For the reasons discussed above, the Exchange submits that the proposal satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to unfairly discriminate between customers, issuers, brokers, or dealers. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that its transaction pricing is subject to significant competitive forces, and that the proposed fees and rebates described

[24] *See supra* notes 9, 11, 12, 13, 15 17 and 18.

[25] *Id.*

[26] *See, e.g.,* the Cboe BZX equities trading fee schedule on its public website (available at *https://markets.cboe.com/us/equities/membership/fee_schedule/bzx/*); the Cboe EDGX equities trading fee schedule on its public website (available at *https://markets.cboe.com/us/equities/membership/fee_schedule/edgx/*); and the MEMX equities trading fee schedule on its public website (available at *https://info.memxtrading.com/fee-schedule/*).

[27] 15 U.S.C. 78f(b)(4) and (5).

[28] *See supra* note 25.

herein are appropriate to address such forces.

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

The Exchange does not believe that the proposed change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the proposal is intended to enhance market quality on the Exchange in a large number of securities generally, and in the LIP Enhanced Securities specifically, and to encourage Members to increase their order flow on the Exchange, thereby promoting price discovery and contributing to a deeper and more liquid market to the benefit of all market participants. As a result, the Exchange believes the proposal would enhance its competitiveness as a market that attracts actionable orders, thereby making it a more desirable destination venue for its customers. For these reasons, the Exchange believes that the proposal furthers the Commission's goal in efficient pricing of individual stocks for all types of orders, large and small.'' [29]

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

This proposed rule change establishes dues, fees or other charges among its members and, as such, may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act [30] and paragraph (f)(2) of Rule 19b–4 thereunder.[31] Accordingly, the proposed rule change would take effect upon filing with the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

[29] *See* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 47396 (June 29, 2005).

[30] 15 U.S.C. 78s(b)(3)(A)(ii).

[31] 17 CFR 240.19b–4(f)(2).

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 email to *rule-comments@sec.gov.* Please include File Number SR–LTSE–2025–16 on the subject line.

Paper Comments

• Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–LTSE–2025–16. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*http://www.sec.gov/rules/sro.shtml*). 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–2025–16 and should be submitted on or before August 15, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[32]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–14026 Filed 7–24–25; 8:45 am]

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[32] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103524; File No. SR–CboeBZX–2025–010]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 3, To Amend the Rule Governing the Listing and Trading of the ARK 21Shares Bitcoin ETF and the 21Shares Core Ethereum ETF To Permit In-Kind Creations and Redemptions

July 22, 2025.

On January 27, 2025, Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change To amend the rules governing the listing and trading of shares of the ARK 21Shares Bitcoin ETF and the 21Shares Core Ethereum ETF under BZX Rule 14.11(e)(4). On February 5, 2025, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety. On February 7, 2025, the Exchange filed Amendment No. 2 to the proposed change, which replaced and superseded the proposed rule change, as modified by Amendment No. 1, in its entirety. The proposed rule change, as modified by Amendment No. 2, was published for comment in the **Federal Register** on February 14, 2025.[3]

On March 11, 2025, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On May 14, 2025, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act,[6] to determine whether to approve or disapprove the proposed rule change.[7] On July 21, 2025, pursuant

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 102381 (Feb. 10, 2025), 90 FR 9648.

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 102609, 90 FR 12409 (Mar. 17, 2025) (designating May 15, 2025, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change).

[6] 15 U.S.C. 78s(b)(2)(B).

[7] *See* Securities Exchange Act Release No. 103044, 90 FR 21531 (May 20, 2025).