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

File No. * SR 2022 - * 06

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 * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

☐

Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

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Description

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

Rule changes as part of CE Transformation Initiative

Contact Information

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

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

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Long-Term Stock Exchange, Inc. has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 12/30/2022

(Title *)

By Gary Goldsholle

(Name *)

Chief Regulatory Officer and General Counsel

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

LTSE

Digitally signed by LTSE
Date: 2022.12.30
10:13:57 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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(Part 1_19b4) LTSE-2022-06 FINRA C

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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(Part 2_Exhibit 1) LTSE-2022-06 FINR

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 Advanced 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 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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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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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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(Part 3_Exhibit 5) LTSE-2022-06 FINR

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 the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange 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 (“SEC” or “Commission”) a proposed rule change to adopt new LTSE Rule 2.153 and amend LTSE Rules 2.154 and 2.160. The proposed rule changes are based on changes made by the Financial Industry Regulatory Authority, Inc. (“FINRA”) to its Continuing Education Program³ (the “CE Program” or the “CE Transformation Initiative”).

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

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

Nawreen Sattar
Deputy Chief Regulatory Officer and Associate General Counsel
Long-Term Stock Exchange, Inc.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Rel. No. 93097 (September 21, 2021), 86 Fed. Reg. 53358 (September 27, 2021) (Order Approving File No. SR-FINRA-2021-015 regarding the CE Transformation Initiative) (the “Approval Order”).

(646) 430-0578

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

(a) Purpose

The proposed rule change incorporates the elements of the FINRA CE Transformation Initiative that are scheduled to take effect on January 1, 2023.⁴ Specifically, those changes (i) require registered persons to complete CE Regulatory Element⁵ annually for each representative or principal registration category that they hold; and (ii) expressly allow firms to consider other required training toward satisfying an individual's annual CE Firm Element and extend the Firm Element requirement to all registered persons.

The Exchange sets forth certain continuing education requirements for persons associated with a Member which are based on certain FINRA rules.⁶ The proposed rule change seeks to amend certain LTSE rules to more closely mirror the corresponding FINRA rules, as amended as part of the CE Transformation Initiative. The proposed rule change does not make any substantive changes to LTSE rules other than those to incorporate changes previously made by FINRA.

First, the proposed rule change would (i) adopt as new LTSE Rule 2.153, the exact provisions previously provided in LTSE Rule 2.160(m) regarding associated persons of a Member that are not required to register with the Exchange. The Exchange believes that relocating these provisions into a standalone rule would more closely align the structure of LTSE's Rule Book with FINRA's, which has the standalone FINRA Rule 1230 (Associated

⁴ See Securities Exchange Act Rel. No. 94515 (March 24, 2022), 87 Fed. Reg. 18419 (March 30, 2022) (Order approving SR-LTSE-2022-02 whereby LTSE adopted those elements of the FINRA CE Transformation Initiative that were implemented on March 15, 2022).

⁵ The terms CE Regulatory Element and CE Firm Element shall have the same meaning as in FINRA Rule 1240.

⁶ See supra note 4.

Persons Exempt from Registration).

Second, the proposed rule change would amend LTSE Rule 2.154 to incorporate all of FINRA Rule 1240, not just the provisions that became effective on March 15, 2022.⁷

Additionally, as part of the broader incorporation, LTSE has added language to note that references to FINRA Rules 1210 and 1220 are to be construed to reference the applicable corresponding provisions of LTSE Rule 2.160. The proposed rule language also clarifies that such references to FINRA rules 1210 and 1210 will not result in expansion of or changes to LTSE's registration categories as currently provided for in Rule 2.160. The proposed rule change also would eliminate the sentence in LTSE Rule 2.154 that states "References to FINRA Rule 1240(a)(2) shall refer to the LTSE Rule 2.160(p)(1) (Regulatory Element)" because it is no longer applicable.

Third, the proposed rule change would delete paragraphs (m) and (p) from LTSE Rule 2.160. As discussed above, paragraph (m) is being replaced by new LTSE Rule 2.153, and paragraph (p) is being replaced by proposed LTSE Rule 2.154.⁸

Fourth, the proposed rule change would add paragraph (o) back to LTSE Rule 2.160. The removal of this paragraph in the Exchange's prior filing related to the CE Transformation Initiative⁹ was in error. Reinstating paragraph (o) (Lapse of Registration and Expiration of SIE) to LTSE Rule 2.160 aligns the Exchange's rules to FINRA Rule 1210 Supplementary Material .08 (Lapse of Registration and Expiration of SIE), which covers substantially similar matters. The reinstated Rule 2.160 is also being proposed to include cross references to proposed LTSE

⁷ Id.

⁸ See FINRA Rules 1210 and 1240. In FINRA Regulatory Notice 21-41 (November 17, 2021), FINRA announced the amendment of Rules 1210 and 1240, noting implementation dates, March 15, 2022 (with respect to paragraph (c) of Rule 1240 and Supplementary Material .09 to Rule 1210)); January 1, 2023 (all other rule changes).

⁹ See supra note 4.

Rule 2.154 as discussed above, in keeping with FINRA Rule 1210 Supplementary Material .08's references to FINRA Rule 1240. The Exchange believes these cross reference updates to account for references to FINRA Rule 1240 further aligns the Exchange's rules with the relevant FINRA rules.

Fifth, the proposed rule change updates internal LTSE rule references to reflect changes in LTSE's rules pursuant to the proposed rule change. Specifically, references to Rule 2.160(p) in paragraphs (e) and (g) of Rule 2.160 and Rule 9.218(a) are being updated as references to the proposed Rule 2.154.

FINRA's CE Transformation Initiative is being implemented in phases. The first phase was implemented on March 15, 2022 and provides eligible individuals who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual continuing education through a new program, the Maintaining Qualifications Program ("MQP"). The first phase also provides that, as of March 15, 2022, LTSE will not accept any new initial designations for individuals under its Financial Services Affiliate Waiver Program ("FSAWP").¹⁰

The second phase, which is being addressed the proposed rule change, would (i) require registered persons to complete continuing education Regulatory Element annually for each representative or principal registration category that they hold; and (ii) expressly allow firms to consider other required training toward satisfying an individual's annual continuing education Firm Element and extend the Firm Element requirement to all registered persons. The proposed rule change, consistent with this phase of FINRA's CE Transformation Initiative, will be implemented January 1, 2023. These changes, as further discussed below, are part of a larger

¹⁰ Id.

initiative in which LTSE is aligning the structure of its registration, continuing education and supervision rules with those of FINRA.¹¹

(i) Transition to an Annual Regulatory Element for Each Registration Category

FINRA amended FINRA Rule 1240 under the CE Transformation Initiative to require registered persons to complete the Regulatory Element training of the CE Program annually by December 31. Firms, however, would have the flexibility to require their registered persons to complete the Regulatory Element training sooner than December 31, which would allow firms to coordinate the timing of the Regulatory Element with other training requirements, including the Firm Element.¹² FINRA Rule 1240 preserves FINRA's ability to extend the time by which a registered person must complete the Regulatory Element for good cause shown if requested in writing and with supporting documentation.¹³ Consistent with prior requirements, individuals who fail to complete their Regulatory Element within the prescribed period would be automatically designated as "CE inactive" ¹⁴ in FINRA's Central Registration Depository ("CRD") system¹⁵ until the requirements of the Regulatory Element have been satisfied.¹⁶

As amended under the CE Transformation Initiative, FINRA Rule 1240 also tailors the content of the Regulatory Element to each registration category. Thus, registered persons would be required to complete content specifically designed for each representative or principal registration category that they hold.¹⁷ FINRA Rule 1240 includes five additional elements such

¹¹ Id.

¹² See supra note 3, at 53358.

¹³ See FINRA Rule 1240(a)(2).

¹⁴ Id.

¹⁵ See <https://www.finra.org/registration-exams-ce/classic-crd>. As stated on its website, FINRA integrated the registration filing functionality that supports the CRD Program into FINRA Gateway, available at <https://www.finra.org/filing-reporting/finra-gateway>. The standalone CRD features were retired August 21, 2021.

¹⁶ See supra note 3, at 53359.

¹⁷ See FINRA Rules 1240(a)(1) and (a)(4).

that: (1) Individuals who are designated as CE inactive would be required to complete all of their pending and upcoming annual Regulatory Element, including any annual Regulatory Element that becomes due during their CE inactive period, to return to active status;¹⁸ (2) the two-year CE inactive period would be calculated from the date individuals become CE inactive, and would continue to run regardless of whether individuals terminate their registrations;¹⁹ (3) individuals who become subject to a significant disciplinary action may be required to complete assigned continuing education content as prescribed by FINRA;²⁰ (4) individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering would not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category, or obtain an unconditional examination waiver for that registration category, whichever is applicable;²¹ and (5) the Regulatory Element requirements would apply to individuals who are registered, or are in the process of registering as a representative or principal.²²

(ii) Recognition of Other Training Requirements for Firm Element and Extension of Firm Element to All Registered Persons

FINRA Rule 1240(b) requires a firm to develop and administer an annual Firm Element training program for its covered registered persons.²³ The Firm Element must, at a minimum, include training in ethics and professional responsibility, as well as training in the following items concerning securities products, services, and strategies offered by the member: (1) General

¹⁸ See supra note 3 at 53359.

¹⁹ Id.

²⁰ Id.

²¹ Id.

²² Id.

²³ See FINRA Rule 1240(b).

investment features and associated risk factors; (2) suitability and sales practice considerations; and (3) applicable regulatory requirements.²⁴ Firms are required to conduct an annual needs analysis to, at minimum, determine the appropriate Firm Element training for covered registered persons at the firm based on the specific business of the member, and then provide the Firm Element training annually.²⁵

As amended under the CE Transformation Initiative, FINRA Rule 1240(b) allows for recognition of the successful completion of existing firm training programs relating to the anti-money laundering compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement.²⁶ FINRA also amended the rule to extend the Firm Element requirement to all registered persons, including individuals who maintain solely a permissive registration consistent with FINRA Rule 1210.02, thereby further aligning the Firm Element requirement with other broadly-based training requirements.²⁷ FINRA also updated the minimum training criteria under FINRA Rule 1240(b) to provide that Firm Element training must cover topics related to the role, activities, or responsibilities of the registered person, as well as professional responsibility.²⁸

To align with the changes discussed in subsections (i) and (ii) above, proposed new LTSE Rule 2.154 states that LTSE Members and associated persons of a Member shall comply with FINRA Rule 1240, as if such Rule were part of the Exchange's rules.

(b) Statutory Basis

²⁴ Id.

²⁵ Id.

²⁶ See FINRA Rule 1240(b)(2)(D).

²⁷ See FINRA Rule 1240(b)(1).

²⁸ See FINRA Rule 1240(b)(2)(B).

LTSE believes that its proposal is consistent with Section 6(b) of the Act²⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,³⁰ in particular, in that it is designed to prevent fraudulent and manipulative practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and 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.

As noted above, the proposed rule change seeks to align the Exchange's Rules with certain changes to FINRA rules which have been approved by the Commission.³¹ The Exchange believes the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,³² which requires, among other things, that Exchange Rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(c)(3) of the Act,³³ which authorizes the Exchange to prescribe standards of training, experience and competence for persons associated with the Exchange. The proposed changes are based on the changes approved by the Commission in the Approval Order,³⁴ and the Exchange is proposing to adopt such changes substantially in the same form proposed by FINRA with respect to the continuing education program. The Exchange believes the proposal is consistent with the Act for the reasons described above and for those reasons cited in the Approval Order.³⁵

²⁹ 15 U.S.C. 78f.

³⁰ 15 U.S.C. 78f(b)(6).

³¹ See Approval Order, supra note 3.

³² 15 U.S.C. 78f(b)(5).

³³ 15 U.S.C. 78f(c)(3).

³⁴ See Approval Order, supra note 3.

³⁵ Id.

The Exchange believes that enhancements to FINRA's CE program, including the shift to an annual Regulatory Element should lead to consistent, updated training, enhance a firm's regulatory compliance and reduce a firm's overall regulatory risk because of the increased timeliness and relevance of the more tailored content provided through an annual training, thus facilitating overall investor protection.

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 rule change, which harmonizes its rules with rule changes adopted by FINRA, will reduce the regulatory burden placed on market participants engaged in trading activities across different markets.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)³⁶ of the Act and Rule 19b-4(f)(6) thereunder³⁷ 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

³⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

³⁷ 17 CFR 240.19b-4(f)(6).

protection of investors and the public interest. The Exchange does not believe that the proposed rule change raises any novel or unique substantive issues. Indeed, FINRA has already adopted substantially similar rule changes.³⁸ Accordingly, the Exchange has designated this rule filing as noncontroversial under Section 19(b)(3)(A) of the Act³⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.⁴⁰ Furthermore, Rule 19b-4(f)(6)(iii)⁴¹ requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of the filing.⁴² However, pursuant to Rule 19b-4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.⁴³ The Exchange respectfully requests the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing. Waiver of the 30-day operative delay would allow the Exchange to implement rules being implemented by FINRA on January 1, 2023, and thus allow the Exchange to achieve the harmonization with FINRA rules intended by this proposal. The Exchange believes the proposed change is appropriate for treatment as a noncontroversial rule filing and that waiver of the operative delay is appropriate and in the best interest of investors because it seeks to adopt changes already approved by the Commission and would help avoid confusion for Members of the Exchange that

³⁸ See Approval Order, supra note 3.

³⁹ 15 U.S.C. 78(s)(b)(3)(A).

⁴⁰ 17 CFR 240.19b-4.

⁴¹ 17 CFR 240.19b-4(f)(6)(iii).

⁴² 17 CFR 240.19b-4.

⁴³ 17 CFR 240.19b-4(f)(6)(iii).

are also FINRA members.⁴⁴ 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

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

As discussed above, parts of this filing are based upon the FINRA filings announcing its CE Transformation Initiative, specifically, FINRA Rules 1210 and 1240.

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. Completed notice of proposed rule change for publication in the Federal Register.

Exhibit 5. Text of the proposed rule change.

⁴⁴ In addition, reinstating paragraph (o) (Lapse of Registration and Expiration of SIE) to LTSE Rule 2.160 as proposed herein, aligns the Exchange's rules to FINRA Rule 1210's Supplementary Material .08 (Lapse of Registration and Expiration of SIE), which covers substantially similar matters. Waiver of the operative delay would also help avoid confusion for members of the Exchange that are also FINRA members.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-LTSE-2022-06]

[Date]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Continuing Education Requirements

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 December [X], 2022, 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 Commission a proposed rule change to adopt new LTSE Rule 2.153 and amend LTSE Rules 2.154 and 2.160. The proposed rule changes are based on changes made by the Financial Industry Regulatory Authority, Inc. (“FINRA”) to its Continuing Education Program³ (the “CE Program” or the “CE Transformation Initiative”).

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Rel. No. 93097 (September 21, 2021), 86 Fed. Reg. 53358 (September 27, 2021) (Order Approving File No. SR-FINRA-2021-015 regarding the CE Transformation Initiative) (the “Approval Order”).

Commission's Public Reference Room.

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 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 proposed rule change incorporates the elements of the FINRA CE Transformation Initiative that are scheduled to take effect on January 1, 2023.⁴ Specifically, those changes (i) require registered persons to complete CE Regulatory Element⁵ annually for each representative or principal registration category that they hold; and (ii) expressly allow firms to consider other required training toward satisfying an individual's annual CE Firm Element and extend the Firm Element requirement to all registered persons.

The Exchange sets forth certain continuing education requirements for persons associated with a Member which are based on certain FINRA rules.⁶ The proposed rule change seeks to amend certain LTSE rules to more closely mirror the corresponding FINRA rules, as amended as part of the CE Transformation Initiative. The proposed rule change does not make any

⁴ See Securities Exchange Act Rel. No. 94515 (March 24, 2022), 87 Fed. Reg. 18419 (March 30, 2022) (Order approving SR-LTSE-2022-02 whereby LTSE adopted those elements of the FINRA CE Transformation Initiative that were implemented on March 15, 2022).

⁵ The terms CE Regulatory Element and CE Firm Element shall have the same meaning as in FINRA Rule 1240.

⁶ See supra note 4.

substantive changes to LTSE rules other than those to incorporate changes previously made by FINRA.

First, the proposed rule change would (i) adopt as new LTSE Rule 2.153, the exact provisions previously provided in LTSE Rule 2.160(m) regarding associated persons of a Member that are not required to register with the Exchange. The Exchange believes that relocating these provisions into a standalone rule would more closely align the structure of LTSE's Rule Book with FINRA's, which has the standalone FINRA Rule 1230 (Associated Persons Exempt from Registration).

Second, the proposed rule change would amend LTSE Rule 2.154 to incorporate all of FINRA Rule 1240, not just the provisions that became effective on March 15, 2022.⁷ Additionally, as part of the broader incorporation, LTSE has added language to note that references to FINRA Rules 1210 and 1220 are to be construed to reference the applicable corresponding provisions of LTSE Rule 2.160. The proposed rule language also clarifies that such references to FINRA rules 1210 and 1210 will not result in expansion of or changes to LTSE's registration categories as currently provided for in Rule 2.160. The proposed rule change also would eliminate the sentence in LTSE Rule 2.154 that states "References to FINRA Rule 1240(a)(2) shall refer to the LTSE Rule 2.160(p)(1) (Regulatory Element)" because it is no longer applicable.

Third, the proposed rule change would delete paragraphs (m) and (p) from LTSE Rule 2.160. As discussed above, paragraph (m) is being replaced by new LTSE Rule 2.153, and paragraph (p) is being replaced by proposed LTSE Rule 2.154.⁸

⁷ Id.

⁸ See FINRA Rules 1210 and 1240. In FINRA Regulatory Notice 21-41 (November 17, 2021), FINRA announced the amendment of Rules 1210 and 1240, noting implementation dates, March 15, 2022 (with respect to paragraph (c) of Rule 1240 and Supplementary Material .09 to Rule 1210)); January 1, 2023 (all other rule changes).

Fourth, the proposed rule change would add paragraph (o) back to LTSE Rule 2.160. The removal of this paragraph in the Exchange's prior filing related to the CE Transformation Initiative⁹ was in error. Reinstating paragraph (o) (Lapse of Registration and Expiration of SIE) to LTSE Rule 2.160 aligns the Exchange's rules to FINRA Rule 1210 Supplementary Material .08 (Lapse of Registration and Expiration of SIE), which covers substantially similar matters. The reinstated Rule 2.160 is also being proposed to include cross references to proposed LTSE Rule 2.154 as discussed above, in keeping with FINRA Rule 1210 Supplementary Material .08's references to FINRA Rule 1240. The Exchange believes these cross reference updates to account for references to FINRA Rule 1240 further aligns the Exchange's rules with the relevant FINRA rules.

Fifth, the proposed rule change updates internal LTSE rule references to reflect changes in LTSE's rules pursuant to the proposed rule change. Specifically, references to Rule 2.160(p) in paragraphs (e) and (g) of Rule 2.160 and Rule 9.218(a) are being updated as references to the proposed Rule 2.154.

FINRA's CE Transformation Initiative is being implemented in phases. The first phase was implemented on March 15, 2022 and provides eligible individuals who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual continuing education through a new program, the Maintaining Qualifications Program ("MQP"). The first phase also provides that, as of March 15, 2022, LTSE will not accept any new initial designations for individuals under its Financial Services Affiliate Waiver Program ("FSAWP").¹⁰

The second phase, which is being addressed the proposed rule change, would (i) require

⁹ See supra note 4.

¹⁰ Id.

registered persons to complete continuing education Regulatory Element annually for each representative or principal registration category that they hold; and (ii) expressly allow firms to consider other required training toward satisfying an individual's annual continuing education Firm Element and extend the Firm Element requirement to all registered persons. The proposed rule change, consistent with this phase of FINRA's CE Transformation Initiative, will be implemented January 1, 2023. These changes, as further discussed below, are part of a larger initiative in which LTSE is aligning the structure of its registration, continuing education and supervision rules with those of FINRA.¹¹

(i) Transition to an Annual Regulatory Element for Each Registration Category

FINRA amended FINRA Rule 1240 under the CE Transformation Initiative to require registered persons to complete the Regulatory Element training of the CE Program annually by December 31. Firms, however, would have the flexibility to require their registered persons to complete the Regulatory Element training sooner than December 31, which would allow firms to coordinate the timing of the Regulatory Element with other training requirements, including the Firm Element.¹² FINRA Rule 1240 preserves FINRA's ability to extend the time by which a registered person must complete the Regulatory Element for good cause shown if requested in writing and with supporting documentation.¹³ Consistent with prior requirements, individuals who fail to complete their Regulatory Element within the prescribed period would be automatically designated as "CE inactive"¹⁴ in FINRA's Central Registration Depository

¹¹ Id.

¹² See supra note 3, at 53358.

¹³ See FINRA Rule 1240(a)(2).

¹⁴ Id.

(“CRD”) system¹⁵ until the requirements of the Regulatory Element have been satisfied.¹⁶

As amended under the CE Transformation Initiative, FINRA Rule 1240 also tailors the content of the Regulatory Element to each registration category. Thus, registered persons would be required to complete content specifically designed for each representative or principal registration category that they hold.¹⁷ FINRA Rule 1240 includes five additional elements such that: (1) Individuals who are designated as CE inactive would be required to complete all of their pending and upcoming annual Regulatory Element, including any annual Regulatory Element that becomes due during their CE inactive period, to return to active status;¹⁸ (2) the two-year CE inactive period would be calculated from the date individuals become CE inactive, and would continue to run regardless of whether individuals terminate their registrations;¹⁹ (3) individuals who become subject to a significant disciplinary action may be required to complete assigned continuing education content as prescribed by FINRA;²⁰ (4) individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering would not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category, or obtain an unconditional examination waiver for that registration category, whichever is applicable;²¹ and (5) the Regulatory Element requirements would apply to individuals who are registered, or are in the process of registering as a representative or principal.²²

¹⁵ See <https://www.finra.org/registration-exams-ce/classic-crd>. As stated on its website, FINRA integrated the registration filing functionality that supports the CRD Program into FINRA Gateway, available at <https://www.finra.org/filing-reporting/finra-gateway>. The standalone CRD features were retired August 21, 2021.

¹⁶ See *supra* note 3, at 53359.

¹⁷ See FINRA Rules 1240(a)(1) and (a)(4).

¹⁸ See *supra* note 3 at 53359.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

(ii) Recognition of Other Training Requirements for Firm Element and Extension of Firm Element to All Registered Persons

FINRA Rule 1240(b) requires a firm to develop and administer an annual Firm Element training program for its covered registered persons.²³ The Firm Element must, at a minimum, include training in ethics and professional responsibility, as well as training in the following items concerning securities products, services, and strategies offered by the member: (1) General investment features and associated risk factors; (2) suitability and sales practice considerations; and (3) applicable regulatory requirements.²⁴ Firms are required to conduct an annual needs analysis to, at minimum, determine the appropriate Firm Element training for covered registered persons at the firm based on the specific business of the member, and then provide the Firm Element training annually.²⁵

As amended under the CE Transformation Initiative, FINRA Rule 1240(b) allows for recognition of the successful completion of existing firm training programs relating to the anti-money laundering compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement.²⁶ FINRA also amended the rule to extend the Firm Element requirement to all registered persons, including individuals who maintain solely a permissive registration consistent with FINRA Rule 1210.02, thereby further aligning the Firm Element requirement with other broadly-based training requirements.²⁷ FINRA also updated the minimum training criteria under FINRA Rule 1240(b) to provide that Firm

²³ See FINRA Rule 1240(b).

²⁴ Id.

²⁵ Id.

²⁶ See FINRA Rule 1240(b)(2)(D).

²⁷ See FINRA Rule 1240(b)(1).

Element training must cover topics related to the role, activities, or responsibilities of the registered person, as well as professional responsibility.²⁸

To align with the changes discussed in subsections (i) and (ii) above, proposed new LTSE Rule 2.154 states that LTSE Members and associated persons of a Member shall comply with FINRA Rule 1240, as if such Rule were part of the Exchange's rules.

2. Statutory Basis

LTSE believes that its proposal is consistent with Section 6(b) of the Act²⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,³⁰ in particular, in that it is designed to prevent fraudulent and manipulative practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and 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.

As noted above, the proposed rule change seeks to align the Exchange's Rules with certain changes to FINRA rules which have been approved by the Commission.³¹ The Exchange believes the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,³² which requires, among other things, that Exchange Rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(c)(3) of the Act,³³ which authorizes the Exchange to prescribe standards of training, experience and competence for

²⁸ See FINRA Rule 1240(b)(2)(B).

²⁹ 15 U.S.C. 78f.

³⁰ 15 U.S.C. 78f(b)(6).

³¹ See Approval Order, supra note 3.

³² 15 U.S.C. 78f(b)(5).

³³ 15 U.S.C. 78f(c)(3).

persons associated with the Exchange. The proposed changes are based on the changes approved by the Commission in the Approval Order,³⁴ and the Exchange is proposing to adopt such changes substantially in the same form proposed by FINRA with respect to the continuing education program. The Exchange believes the proposal is consistent with the Act for the reasons described above and for those reasons cited in the Approval Order.³⁵

The Exchange believes that enhancements to FINRA's CE program, including the shift to an annual Regulatory Element should lead to consistent, updated training, enhance a firm's regulatory compliance and reduce a firm's overall regulatory risk because of the increased timeliness and relevance of the more tailored content provided through an annual training, thus facilitating overall investor protection.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed rule change, which harmonizes its rules with rule changes adopted by FINRA, will reduce the regulatory burden placed on market participants engaged in trading activities across different markets.

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

³⁴ See Approval Order, supra note 3.

³⁵ Id.

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act³⁶ and Rule 19b-4(f)(6)³⁷ thereunder.

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 Commission shall institute proceedings to determine whether the proposed rule change 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-2022-06 on the subject line.

Paper Comments:

³⁶ 15 U.S.C. 78s(b)(3).

³⁷ 17 CFR 240.19b-4(f)(6).

- 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-2022-06. 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-2022-06 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.³⁸

³⁸ 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

* * *

2.153 Associated Persons Exempt from Registration

(a) The following associated persons of a Member are not required to be registered with the Exchange:

(1) associated persons of a Member whose functions are solely and exclusively clerical or ministerial.

(2) associated persons of a Member whose functions are related solely and exclusively to:

(A) effecting transactions on the floor of a national securities exchange and who are appropriately registered with such exchange;

(B) transactions in municipal securities;

(C) transactions in commodities; or

(D) transactions in securities futures, provided that any such person is appropriately registered with a registered futures association.

(3) Associated persons of a Member that are restricted from accessing the Exchange and that do not engage in the securities business of the Member relating to activity that occurs on the Exchange.

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

.01 Registration Requirements for Associated Persons of a Member Who Accept Customer Orders.

The function of accepting customer orders is not considered a clerical or ministerial function. Each associated person of a Member who accepts customer

orders under any circumstances shall be registered in an appropriate registration category. An associated person of a Member shall not be considered to be accepting a customer order where occasionally, when an appropriately registered person is unavailable, such person transcribes order details submitted by a customer and the registered person contacts the customer to confirm the order details before entering the order.

2.154 Continuing Education [Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category]

LTSE Members and associated persons of a Member shall comply with FINRA Rule 1240[(c) and Supplementary Material .01 and .02,] as if such Rule were part of the Exchange's Rules. References to FINRA Rules 1210 and 1220 shall be construed to refer to the applicable corresponding provisions of LTSE Rule 2.160. For the avoidance of doubt, references to FINRA Rule 1210 and 1220 shall not expand the categories of registration required of LTSE Members beyond those set forth in LTSE Rule 2.160.

[References to FINRA Rule 1240(a)(2) shall refer to the LTSE Rule 2.160(p)(1) (Regulatory Element).]

2.160 Registration Requirements and Restrictions on Membership

(a) - (d) No change.

(e) Each person engaged in the investment banking or securities business of a Member must be registered with the Exchange by the Member, unless exempt from registration pursuant to [paragraph (m) of this] Rule 2.153, as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in paragraphs (h), (i), (j), (k), (l) and (n) of this Rule. Such person shall not be qualified to function in any registered capacity other than that for which the person is registered, unless otherwise stated in the rules. Each such person shall agree:

(1) to supply the Exchange with such information with respect to such person's relationships and dealings with the Member as may be specified by the Exchange;

(2) to permit examination of such person's books and records by the Exchange to verify the accuracy of any information so supplied; and

(3) to be regulated by the Exchange and to recognize that the Exchange is obligated to undertake to enforce compliance with the provisions of LTSE Rules, Bylaws, the interpretations and policies of the Exchange, and the provisions of the Act and the regulations thereunder.

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

Supplementary Material .01 No change.

Supplementary Material .02

Status of Persons Serving in the Armed Forces of the United States.

The following provisions address the status of current and former registered persons serving in active duty in the Armed Forces of the United States:

(a) Inactive Status of Currently Registered Persons

A registered person of a Member who volunteers for or is called into active duty in the Armed Forces of the United States shall be placed, after proper notification to the Exchange, on inactive status and need not be re-registered by such Member upon his or her return to active employment with the Member. Such person shall remain eligible to receive transaction-related compensation, including continuing commissions. The employing Member also may allow such person to enter into an arrangement with another registered person of the Member to take over and service the person's accounts and to share transaction-related compensation based upon the business generated by such accounts. However, because such persons are inactive, they may not perform any of the functions and responsibilities performed by a registered person.

A registered person who is placed on inactive status pursuant to this paragraph (a) shall not be required to complete either the Regulatory Element or Firm Element set forth in Rule 2.154[2.160(p)] during the pendency of such inactive status.

The relief provided in this paragraph (a) shall be available to a registered person who is placed on inactive status pursuant to this paragraph (a) during the period that such person remains registered with the Member with which he or she was registered at the beginning of active duty in the Armed Forces of the United States, regardless of whether the person returns to active employment with another Member upon completion of his or her active duty in the Armed Forces of the United States.

The relief described in this paragraph (a) shall be provided only to a person registered with a Member and only while the person remains on active military duty. Further, the Member with which such person is registered shall promptly notify the Exchange in such manner as the Exchange may specify of such person's return to active employment with the Member.

(b) Inactive Status of Sole Proprietorships

A Member that is a sole proprietor who temporarily closes his or her business by reason of volunteering for or being called into active duty in the Armed Forces of the United States, shall be placed, after proper notification to the Exchange, on inactive status while the Member remains on active military duty.

The relief described in this paragraph (b) shall be provided only to a sole proprietor Member and only while the person remains on active military duty. Further, the sole proprietor shall promptly notify the Exchange in such manner as the Exchange may specify of his or her return to active participation in the investment banking or securities business of the Member relating to activity that occurs on the Exchange.

(c) Status of Formerly Registered Persons

If a person who was formerly registered with a Member volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceased to be registered with a Member, the Exchange shall defer the lapse of registration requirements set forth in Rule 2.160(o) (i.e., toll the two-year expiration period for representative and principal qualification examinations) and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE). The Exchange shall defer the lapse of registration requirements and the SIE commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that the Exchange is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her reregistration with a Member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States.

Accordingly, if such person does not re-register with a Member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a Member without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable, as

provided in Rule 2.160(o) reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.

If a person placed on inactive status while serving in the Armed Forces of the United States ceases to be registered with a Member, the Exchange shall defer the lapse of registration requirements set forth in Rule 2.160(o) (i.e., toll the two-year expiration period for representative and principal qualification examinations) and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE) during the pendency of his or her active service in the Armed Forces of the United States. The Exchange shall defer the lapse of registration requirements based on existing information in the CRD System, provided that the Exchange is properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a Member, whichever occurs first. The deferral shall terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a Member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a Member without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable, as provided in Rule 2.160(o).

(f) No change.

(g) If the Exchange requires the completion of such proficiency examinations, the Exchange may, in exceptional cases and where good cause is shown, pursuant to LTSE Rule Series 9.600, waive such proficiency examinations as are required by the Exchange upon written request of the applicant and accept other standards as evidence of an applicant's qualifications. Advanced age, physical infirmity, or experience in fields ancillary to the securities business will not individually of themselves constitute sufficient grounds to waive a proficiency examination.

* * * * Supplementary Material * * * *

.01 Waiver of Examinations for Individuals Working for a Financial Services Industry affiliate of a Member. Upon request by a Member, the Exchange shall waive the applicable qualification examination(s) for an individual designated with the Exchange as working for a financial services industry affiliate of a Member if the following conditions are met:

- (a) Prior to the individual's initial designation, the individual was registered as a representative or principal with the Exchange or FINRA for a total of five years within the most recent 10-year period, including for the most recent year with the Member that initially designated the individual
- (b) The waiver request is made within seven years of the individual's initial designation;
- (c) The initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5;
- (d) The individual continuously worked for the financial services industry affiliate(s) of a Member since the individual's last Form U5 filing;
- (e) The individual has complied with the Regulatory Element of continuing education as specified in Rule 2.154 [2.160(p)]; and
- (f) The individual does not have any pending or adverse regulatory matters, or terminations, that are reportable on the Form U4, and has not otherwise been subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act while the individual was designated as eligible for a waiver.

As used in this Supplementary Material .01, a "financial services industry affiliate of a Member" is a legal entity that controls, is controlled by or is under common control with a Member and is regulated by the SEC, CFTC, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

Effective March 15, 2022, LTSE will not accept any new initial designations for individuals under the waiver program set forth in Supplementary Material .01 of this Rule.

(h) - (l) No change

- (m) Reserved. [The following associated persons of a Member are not required to be registered with the Exchange:
 - (1) associated persons of a Member whose functions are solely and exclusively clerical or ministerial.
 - (2) associated persons of a Member whose functions are related solely and exclusively to:

- (A) effecting transactions on the floor of a national securities exchange and who are appropriately registered with such exchange;
 - (B) transactions in municipal securities;
 - (C) transactions in commodities; or
 - (D) transactions in securities futures, provided that any such person is appropriately registered with a registered futures association.
- (3) Associated persons of a Member that are restricted from accessing the Exchange and that do not engage in the securities business of the Member relating to activity that occurs on the Exchange.

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

.01 Registration Requirements for associated persons of a Member Who Accept Customer Orders.

The function of accepting customer orders is not considered a clerical or ministerial function. Each associated person of a Member who accepts customer orders under any circumstances shall be registered in an appropriate registration category pursuant to this Rule 2.160. An associated person of a Member shall not be considered to be accepting a customer order where occasionally, when an appropriately registered person is unavailable, such person transcribes order details submitted by a customer and the registered person contacts the customer to confirm the order details before entering the order.]

(n) No change.

(o) [Reserved.] Lapse of Registration and Expiration of SIE.

Any person who was last registered as a representative two or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass a representative qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160, unless the person has maintained his or her qualification status for that registration category in accordance with Rule 2.154 or as otherwise

permitted by the Exchange. Any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160.

Any person who was last registered as a principal two or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a principal shall be required to pass a principal qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160, unless the person has maintained his or her qualification status for that registration category in accordance with Rule 2.154 or as otherwise permitted by the Exchange.

Any person whose registration has been revoked pursuant to Rule 8.310 and any person who has a continuing education deficiency for a period of two years as provided under Rule 2.154 shall be required to pass a principal or representative qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160 to be eligible for registration with the Exchange. For purposes of this paragraph, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

(p) Reserved.[Continuing Education Requirements.

This Rule prescribes requirements regarding the continuing education of specified persons subsequent to their initial registration with the Exchange. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below.

(1) Regulatory Element.

- (A) Requirements. Each associated person registered with the Exchange (each a “Registered Person”) for purposes of this subparagraph (1)), including any person who is permissively registered pursuant to Supplementary Material .01 to Rule 2.160(e) and any person who is designated as eligible for a waiver pursuant

to Supplementary Material .01 to Rule 2.160(g), shall comply with the requirement to complete the Regulatory Element.

Each Registered Person shall complete the Regulatory Element of the continuing education program on the occurrence of their second registration anniversary date and every three years thereafter or as otherwise prescribed by FINRA. On each occasion, the Regulatory Element must be completed within 120 days after the Registered Person's registration anniversary date. A Registered Person's registration date, also known as the "base date," shall establish the cycle of anniversary dates for purposes of this LTSE Rule. The content of the Regulatory Element of the continuing education program shall be appropriate for each registration category of Registered Persons subject to the Rule. A Registered Person qualified solely as a Securities Trader shall comply with the continuing education requirements appropriate for the Series 57 license. All other Registered Persons shall comply with the continuing education requirements applicable to their particular registrations. The content of the Regulatory Element for a person designated as eligible for a waiver pursuant to Supplementary Material .01 to Rule 2.160(g) shall be determined based on the person's most recent registration status, and the Regulatory Element shall be completed based on the same cycle had the person remained registered.

- (B) Failure to Complete. Unless otherwise determined by the Exchange, Registered Person who have not completed the Regulatory Element of the continuing education program within the prescribed time frames will have their registration deemed inactive until such time as the requirements of the program have been satisfied. Further, such person shall not be permitted to be registered in another registration category under Rule 2.160 with that Member or to be registered in any registration category under Rule 2.160 with another Member, until the person has satisfied the deficiency. Any person whose registration has been deemed inactive under this LTSE Rule shall cease all activities as a Registered Person and is prohibited from functioning in any capacity requiring registration with the Exchange. Further, such person may not accept or solicit business or receive any compensation for the purchase or sale of securities. However, such

person may receive trail or residual commissions resulting from transactions completed before the inactive status, unless the Member with which such person is associated has a policy prohibiting such trail or residual commissions. A registration that is inactive for a period of two years will be administratively terminated. A person whose registration is so terminated may reactivate the registration only by reapplying for registration and satisfying applicable registration and qualification requirements of the Exchange's Rules. The Exchange may, upon application and a showing of good cause, allow for additional time for a Registered Person to satisfy the program requirements. If a person designated as eligible for a waiver pursuant to Supplementary Material .01 to Rule 2.160(g) fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver.

- (C) Disciplinary Actions. Unless otherwise determined by the Exchange, a Registered Person, other than a person designated as eligible for a waiver pursuant to Supplementary Material .01 to Rule 2.160(g), will be required to retake the Regulatory Element and satisfy all of its requirements if such person:
- (i) is subject to any statutory disqualification as defined in Section 3(a)(39) of the Act,
 - (ii) is subject to suspension or to the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding, or
 - (iii) is ordered as a sanction in a disciplinary action to retake the Regulatory Element by any securities governmental agency or securities self regulatory organization.

The retaking of the Regulatory Element shall commence with participation within 120 days of the Registered Person becoming

subject to the statutory disqualification, in the case of (p)(3)(A) above, or the disciplinary action becoming final, in the case of (p)(3)(B) or (C) above. The date of the disciplinary action shall be treated as such person's base date for purposes of this LTSE Rule.

- (D) Re-Association in a Registered Capacity. Any Registered Person who has terminated association with a registered broker or dealer and who has, within two years of the date of termination, become re-associated in a registered capacity with a registered broker or dealer shall participate in the Regulatory Element at such intervals that may apply (second anniversary and every three years thereafter) based on the initial registration anniversary date, rather than based on the date of re-association in a registered capacity. The following sets forth the Regulatory Elements appropriate for each registration category:

CATEGORY OF REGISTRATION	REGULATORY ELEMENT
General Securities Representative	S101 General Program
Securities Trader	S101 General Program
General Securities Principal	S201 Supervisor Program
Securities Trader Principal	S201 Supervisor Program
Financial and Operations Principal	S201 Supervisor Program

- (E) Reserved.
- (F) Delivery of the Regulatory Element. The continuing education Regulatory Element program will be administered by FINRA.
- (G) Regulatory Element Contact Person. Each Member shall designate and identify to FINRA on behalf of the Exchange (by name and e-mail address) an individual or individuals responsible for receiving e-mail notifications provided via the Central Registration Depository regarding when a Registered Person subject to the Regulatory Element is approaching the end of his or her Regulatory Element time frame and when such a person is deemed inactive due to failure to complete the requirements of the

Regulatory Element program. Each Member shall identify, review, and, if necessary, update the information regarding its Regulatory Element contact person(s) as necessary to keep such information accurate.

(2) Firm Element.

(A) Persons Subject to the Firm Element. The requirements of this subparagraph shall apply to any person registered with a Member, pursuant to Rule 2.160, who has direct contact with customers in the securities business of the Member relating to activity that occurs on the Exchange, and to the immediate supervisors of such persons (collectively, “covered registered persons” for purposes of this subparagraph (b)). “Customer” shall mean any natural person and any organization, other than another broker or dealer, executing securities transactions with or through a Member.

(B) Standards for the Firm Element.

(i) Each Member must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skill, and professionalism. At a minimum, each Member shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Member's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element. If a Member's analysis establishes the need for supervisory training for persons with supervisory responsibilities, such training must be included in the Member's training plan.

(ii) Minimum Standards for Training Programs — Programs used to implement a Member's training plan must be appropriate for the business of the Member and, at a minimum must cover training in ethics and professional responsibility and the following matters concerning securities products, services, and strategies offered by the Member:

a. General investment features and associated risk factors;

- b. Suitability and sales practice considerations; and
 - c. Applicable regulatory requirements.
- (iii) Administration of Continuing Education Program. A Member must administer its continuing education programs in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by covered registered persons.
- (C) Participation in the Firm Element. Covered registered persons included in a Member's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the Member.
- (D) Specific Training Requirements. The Exchange may require a Member, individually or as part of a larger group, to provide specific training to its covered registered persons in such areas as the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.]
- (q) - (r) No change.

* * * * *

Rule 9.218. Violations Appropriate for Disposition Under Plan Pursuant to Exchange Act
 Rule 19d-1(c)(2)

(a) Rule 2.154 [2.160(p)] - Continuing Education Requirements

(b)-(j) No change.

* * * * *