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

File No. * SR 2023 - * 01

Amendment No. (req. for Amendments *) 1

Filing by Long-Term Stock Exchange, Inc.

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Pilot	Extension of Time Period for Commission Action *	Date Expires *
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>

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 type="checkbox"/>	19b-4(f)(6)

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

Section 806(e)(1) *

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Section 806(e)(2) *

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Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) *

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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 *).

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 *	James	Last Name *	Buckley
Title *	Chief Regulatory Officer		
E-mail *	james.buckley@longtermstockexchange.com		
Telephone *	(929) 837-1125	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 03/09/2023

(Title *)

By Maria Laura Astrada

(Name *)

Head of Risk & Compliance

Maria Laura
Astrada

Digitally signed by Maria
Laura Astrada
Date: 2023.03.09 17:31:11
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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.

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.		
<div>Form 19b-4 Information *</div> <div><div>AddRemoveView</div><div>Part 1 19b-4 Amendment No. 1 to SR-</div></div>	<p>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.</p>	
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>AddRemoveView</div><div>Part 2 Exhibit 1 Amendment No. 1 to S</div></div>	<p>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)</p>	
<div>Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *</div> <div><div>AddRemoveView</div></div>	<p>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)</p>	
<div>Exhibit 2- Notices, Written Comments, Transcripts, Other Communications</div> <div><div>AddRemoveView</div></div>	<p>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.</p> <div><input type="checkbox"/> Exhibit Sent As Paper Document</div>	
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>AddRemoveView</div></div>	<p>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.</p> <div><input type="checkbox"/> Exhibit Sent As Paper Document</div>	
<div>Exhibit 4 - Marked Copies</div> <div><div>AddRemoveView</div><div>Part 3 Exhibit 4 Amendment No. 1 to S</div></div>	<p>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.</p>	
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>AddRemoveView</div><div>Part 4 Exhibit 5 Amendment No. 1 to S</div></div>	<p>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</p>	
<div>Partial Amendment</div> <div><div>AddRemoveView</div></div>	<p>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.</p>	

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² Long-Term Stock Exchange, Inc. (“LTSE” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) an amended rule proposal (“Amendment 1”) to adopt Listing Standards for the Recovery of Erroneously Awarded Compensation, as required by Rule 10D-1 of the Act.³ This Amendment 1 supersedes and replaces the original filing in its entirety. A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

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

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to resolution of the Board of Directors of the Exchange dated February 2, 2023. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240-10D-1.

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

James G. Buckley
Chief Regulatory Officer
Long-Term Stock Exchange, Inc.
929-837-1125

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

(a) Purpose

The Exchange is filing this amendment to SR-LTSE-2023-01 ("Amendment 1") in order to (i) clarify the purpose and rationale of the proposed rule change; and (ii) make technical changes to improve the structure and clarity of the proposed rules. This Amendment 1 supersedes and replaces the initial rule proposal in its entirety (the "Initial Proposal").

LTSE filed the Initial Proposal with the Commission on February 27, 2023 pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),⁴ and Rule 19b-4⁵ thereunder, proposing rule changes to establish listing standards for the recovery of erroneously awarded executive compensation as required by Rule 10D-1 of the Act.⁶

The Exchange is proposing amendments to Chapter 14 of its rules (LTSE Listing Rules) to establish listing standards for the recovery of erroneously awarded executive compensation as required by Rule 10D-1 and to address situations where a listed company has not complied with Rule 10D-1 and the Exchange's listing standards established pursuant thereto.

⁴ 15 U.S.C. 78s(b)(1).

⁵ 17 CFR 240-19b-4.

⁶ 17 CFR 240-10D-1.

The Exchange proposes to amend Rule 14.203, Prerequisites for Applying to List on the Exchange, by adding new paragraph (j), which will require that all Companies listing on LTSE must, as required by Rule 10D-1, comply with the requirements of proposed Rule 14.207(f), Recovery of Erroneously Awarded Compensation to Executive Officers.

The Exchange is further proposing to amend LTSE Rules 14.207, Obligations for Companies Listed on the Exchange, paragraph (f), to establish “Listing Standards for the Recovery of Erroneously Awarded Compensation.” The current text of paragraph (f) of Rule 14.207 will be repositioned into a new paragraph (g).

On October 26, 2022, the Commission adopted a new rule and rule amendments⁷ to implement Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd Frank Act”),⁸ which added Section 10D to the Act. This final Rule 10D-1 adopted by the Commission directs national securities exchanges and associations that list securities to establish listing standards that require each issuer to adopt, comply with, and disclose a written policy providing for the reasonably prompt recovery, in the event of required accounting restatement, of incentive-based compensation received by current or former executive officers during the three fiscal years preceding the date on which the issuer is required to prepare an accounting restatement to correct a material error. As required by Rule 10D-1 and proposed Rule 14.207(f) titled “Recovery of Erroneously Awarded Compensation to Executive Officers,” any Company listed on LTSE must adopt a compensation recovery policy, comply with that policy, and provide the required disclosures.

⁷ See, Release Nos. 33-11126; 34-96159; IC-34732; File No. S-7-12-15; 87 FR 73076 (November 28, 2022).

⁸ 2 Pub. L. No 111-203, 124 Stat. 1900 (2010).

Additionally, as explained in the Rule 10D-1 adopting release⁹ (the “Adopting Release”), each listed issuer is required to file its written recovery policies as exhibits to its annual report; indicate, by check boxes on the annual reports, whether the financial statements included in the filing contain a correction of an error in previously-issued financial statements and whether any of the reported error corrections constitute restatements that required a recovery analysis under the issuer’s recovery policies; and finally, to disclose any actions taken through the application of the recovery policies.

Rule 10D-1 requires that issuers recover reasonably promptly the amount of erroneously-awarded executive compensation. Compliance by an issuer with this obligation will be reviewed in the context of each accounting restatement prepared by the issuer, and will include the means used to seek recovery and whether such means are appropriate based on the discrete circumstances of each executive officer who is determined to be subject to recovery of erroneously awarded compensation.

Rule 10D-1 became effective on January 27, 2023; national securities exchanges and national securities associations that list securities were required to file proposed listing standards no later than February 27, 2023 and such listing standards must be effective no later than November 28, 2023. Issuers subject to the Exchange’s listing standards will have 60 days following the effective date of such standards to adopt a recovery policy.

As required by Rule 10D-1 and proposed Rule 14.207(f), any Company listed on LTSE must adopt a compensation recovery policy, comply with that policy, and provide the required compensation recovery policy disclosures.

⁹ Securities Exchange Act Release No. 96159 (October 26, 2022), 87 FR 73076 (November 28, 2022).

The Exchange is proposing amendments to Chapter 14 of its rules (LTSE Listing Rules) to establish listing standards for the recovery of erroneously awarded executive compensation as required by Rule 10D-1.

The Exchange proposes to amend Rule 14.203, Prerequisites for Applying to List on the Exchange, by adding new paragraph (j), which will require that all Companies listing on LTSE must, as required by Exchange Act Rule 10D-1, comply with the requirements of Rule 14.207(f) (Recovery of Erroneously Awarded Compensation to Executive Officers).

New Definitions.

The Exchange is proposing to adopt the specific definitions of certain terms as contained in Rule 10D-1. These new definitions are being proposed solely for purposes of Rule 14.207(f). In new subparagraph (A) of Rule 14.207(f)(1), the Exchange defines “Executive Officer” as the Company’s¹⁰ president, principal financial officer, principal accounting officer (or the controller in the event there is no principal accounting officer), and vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. In addition, when the Company is a limited partnership, officers or employees of the general partner(s) who perform policy-making functions for the limited partnership are deemed officers of the limited partnership. When the Company is a trust, officers,

¹⁰ The Exchange notes that, throughout the proposed rule text, it uses the term “Company” rather than “issuer” to apply consistent terminology that is used throughout the Exchange’s Listing Rules. Rule 14.002(a)(5) defines “Company” to mean the issuer of a security listed or applying to list on the Exchange. For purposes of the Exchange’s listing rules, the term “Company” includes an issuer that is not incorporated, such as, for example, a limited partnership.

or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Rule would include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

Proposed subparagraph (B) of Rule 14.207(f)(1) defines “Financial Reporting Measures” as those that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission.

In proposed subparagraph (C) of Rule 14.207(f)(1), the Exchange defines “Incentive-based Compensation” as any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. Finally, proposed subparagraph (D) of Rule 14.207(f)(1) provides that the term “Received” with respect to incentive-based compensation as meaning that such compensation is deemed received in the Company’s fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period. The provision is intended to provide clarification and avoid doubt when determining when incentive based compensation that is subject to the rule was received.

Requirement to Adopt, Implement and Disclose a Recovery Policy for Incentive-Based Executive Compensation

Proposed Rule 14.207(f)(2) requires that every Company that lists its securities on the Exchange must, no later than 60 days of the effective date of this rule, which is the date that the Commission approves this rule filing SR-LTSE-2023-01, adopt and comply with a written policy requiring such issuer to recover reasonably promptly the amount of erroneously awarded incentive-based compensation to any executive officer in the event that the Company is required to prepare an accounting restatement due to material non-compliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct a material error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

This provision is intended to align with the requirements of Rule 10D-1 and embed in the Exchange's listing rules the requirement to establish and enforce a written recovery policy as a requirement for listing on LTSE.

In proposed Rule 14.207(f)(2)(B), the Exchange requires that every Company listed on the Exchange disclose its written recovery policy as part of its reporting obligations to the Commission, as an exhibit to its Annual Report, and to the Exchange. Companies applying for initial listing must include its written recovery policy as part of its listing application. The Exchange will not act on any new listing application unless the recovery policy is included with the initial listing application. Proposed Rule 14.203(j), as discussed above, also notes as part of the prerequisites for applying to list on the Exchange, as required by Rule 10D-1, any Company listing on the Exchange must comply with proposed rule 14.207(f).

In proposed Rule 14.207(f)(3), Application of the Recovery Policy to Executive Officers, the Exchange states that the recovery policy shall apply to all incentive-based compensation

received by a person: (A) after beginning service as an executive officer of the Company; (B) who served as an executive officer at any time during the performance period for that incentive-based compensation; (C) while the Company had a class of securities listed on a national securities exchange or a national securities association; and (D), during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in proposed Rule 14.207(f). In addition to the last three completed fiscal years, the recovery policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year. A Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

For purposes of determining the relevant recovery period, the Exchange proposes in Rule 14.207(f)(4) that the date that a Company is required to prepare an accounting restatement as described in paragraph (f) of the Rule is the earlier to occur of: (A) the date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in paragraph (f) of this Rule.

Determining Amount of Incentive-Based Compensation Subject to the Company's Recovery Policy.

Proposed Rule 14.207(f)(5)(A) states that the amount of incentive-based compensation that must be subject to the Company's recovery policy ("erroneously awarded compensation") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid. Proposed subparagraph (B) states that, for incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

(i) the amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange. These provisions are intended to address and clarify how erroneously awarded compensation calculations will be treated when it involves factors not readily obtained through an analysis of the accounting restatement.

Rule 10D-1 requires that a listed Company recover the amount of erroneously-awarded incentive-based compensation reasonably promptly¹¹ but does not specify the time by which the Company must complete the recovery of excess incentive-based compensation. LTSE will determine whether the steps that a Company is taking constitutes compliance with its compensation recovery policy. The Company's obligation to recover erroneously-awarded

¹¹ The Commission stated that it: "recognize(s) that what is reasonable may depend on the additional cost incident to the recovery efforts. [The Commission] expects[s] that issuers and their directors and officers, in the exercise of their fiduciary duty to safeguard the assets of the issuer (including the time value of any of any potentially recoverable compensation), will pursue the most appropriate balance of cost and speed in determining the appropriate means to seek recovery." See, Adopting Release at 73104.

incentive based compensation reasonably promptly will be assessed on a holistic basis with respect to each such accounting restatement prepared by the Company. In evaluating whether the Company is recovering erroneously-awarded executive compensation reasonably promptly, the Exchange will consider whether the Company is pursuing the appropriate balance of cost and speed in determining the appropriate means to seek recovery, and whether the Company is securing recovery through means that are appropriate based on the particular facts and circumstances of each executive officer that owes a recoverable amount.

Exceptions to Requirement to Recover Erroneously Awarded Compensation.

Proposed Rule 14.207(f)(6), Exceptions to Requirement to Recover Erroneously Awarded Compensation, allows for certain exceptions to the application of the recovery policy. Specifically, Companies must recover erroneously awarded compensation in compliance with its recovery policy except to the extent that the conditions described subparagraphs (A), (B), or (C) of proposed Rule 14.207(f)(6) are met and the Company's Compensation Committee, or in the absence of such a committee, a majority of the independent directors serving on the board, has made a determination that recovery would be impracticable in consideration of those conditions.

Under subparagraph (A) of proposed Rule 14.207(f)(6), the direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the exchange or association. Under subparagraph (B), recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously

awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange. Under subparagraph (C), recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

In proposed Rule 14.207(f)(7), Indemnification Of Executive Officers by the Company Prohibited, the Exchange makes clear that a Company is prohibited from indemnifying any executive officer or former executive officer against the loss of erroneously awarded compensation. This provision is intended to assure that executive officers who otherwise would be subject to the recovery rule do not avoid a financial consequence by having the Company indemnify them. Absent this provision, the recovery rule would lose substantial impact and would not be as effective in influencing executive management actions.

Proposed Rule 14.207(f)(8) reinforces the disclosure requirements and provides that Companies are required to file all disclosures with respect to its Recovery Policy in accordance with the requirements of the Federal securities laws, applicable Commission filings, and the Rules of the Exchange.

The Exchange further proposes certain general exemptions in Rule 14.207(f)(9): that the requirements of Rule 14.207(f) shall not apply to the listing of any security issued by a unit investment trust, as defined in 15 U.S.C 80a-4(2) and any security issued by a management company as defined in 15 U.S.C. 80(a)-4(3) that is registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8, if such management company has not awarded incentive-based compensation to any executive officer of the Company in any of the last three

fiscal years, or in the case of a Company that has been listed less than three fiscal years, since the listing of the Company. These exemptions are proposed to align with the exemptions provided in Rule 10D-1.

As provided in Rule 10D-1, LTSE proposes to require under Rule 14.207(f)(10) that each Company is required to (i) adopt a policy governing the recovery of erroneously awarded compensation as required by this rule no later 60 days following the effective date of this rule (the date of the Commission's approval of SR-LTSE-2023-01); and (ii) provide the disclosures required by this rule and in the applicable Commission filings on or after such effective date of this rule (the date of the Commission's approval of SR-LTSE-2023-01). Notwithstanding the look-back requirements in Rule 14.207(f), a Company is only required to apply the recovery policy to incentive-based executive compensation received after the effective date of this rule (the date of the Commission's approval of SR-LTSE-2023-01).

As proposed, a Company will be subject to delisting by the Exchange if it does not adopt, comply with, and disclose its policy on recovery of erroneously awarded executive compensation. Any Company that has failed to meet the requirements of the Rule will not be allowed to list on LTSE or, if listed, will be subject to provisions of LTSE Rule 14.500 (Failure to Meet Listing Standards) and the procedures set forth in Rules 14.501, 14.502 and 14.503. The Exchange is proposing to amend Rule 14.501(d)(2)(A)(iii) to provide that a Company that has failed to comply with the requirements of Rule 14.207(f) is required to submit to LTSE a plan to regain compliance. The Exchange proposes to utilize its existing administrative process for addressing corporate governance deficiencies for violations of Rule 10D-1, subject to certain amendments described below. The Exchange believes that using the existing process is

appropriate in that it applies a consistent process for rectifying corporate governance deficiencies to which listed Companies are already subject.

However, the Exchange is proposing amendments to Rule 14.500(b)(5), which defines a Public Reprimand Letter, and Rule 14.501, Notification of Deficiency by LTSE Regulation, to exclude a violation of Rule 10D-1 from the deficiencies in listing standards for which a Public Reprimand Letter is appropriate under Rule 14.500 and state that Public Reprimand Letters may not be issued for violations of the listing standards required by Rule 10D-1 and proposed LTSE Rule 14.207(f). A conforming amendment is proposed for Rule 14.502, Review of Staff Determination by the Listings Review Committee. Currently, the rule text in Rule 14.502(1)(C), states that the Exchange's Listing Review Committee may, where it deems appropriate: "issue a decision that serves as a Public Reprimand letter in cases where the Company has violated an Exchange corporate governance or notification Listing standard (other than one required by Rule 10A-3 of the Act) and the Listing Review Committee determines that delisting is an inappropriate sanction...." The Exchange proposes to include Rule 10D-1 as a governance and notification listing standard that is ineligible for the disposition by a Public Reprimand Letter upon a review or a delisting proceeding by the Listings Review Committee.

The Exchange is proposing these amendments because it does not believe that issuance of a Public Reprimand Letter in situations where a listed Company has failed to meet its obligations regarding the recovery of erroneously awarded executive compensation is consistent with the provisions of Rule 10D-1.

(b) Statutory Basis

The Exchange believe that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Further, the Exchange believes that the proposal is not designed to permit unfair discrimination between issuers or to regulate by virtue of any authority conferred by the Act matters not related to the purposes of the Act or the administration of the Exchange, for the reasons set forth below.

First, and importantly, the Exchange is proposing to adopt these rules as required under Section 10D of the Act and Rule 10D-1. The requirement that national securities exchanges that list equity securities, such as LTSE, embed the requirements of the statute and the regulation into its listing rules is intended to effectuate compliance and ensure consistency across the rules of every exchange. The Exchange believes that these proposals protect investors and the public interest by requiring Companies, with certain exemptions, that in the event the Company is required to prepare an accounting restatement, to recover reasonably promptly erroneously awarded incentive-based compensation paid to current or former executive officers based on any misstated financial measure. These proposed amendments will also help to foster effective oversight of executive compensation and provide increased accountability and transparency to investors by not allowing executive officers to retain compensation that they were awarded

¹² Id.

¹³ 15 U.S.C. 78f(b)(5).

erroneously. The Exchange believes that the recovery requirement will operate to provide executive officers with an increased incentive to take steps to reduce the likelihood of inadvertent misreporting and will reduce the financial benefits to executive officers who pursue impermissible accounting methods, which the Commission expects will further reduce such behavior.¹⁴

LTSE further believes that the proposal to provide that a Company that had failed to comply with the requirements of Rule 14.207(f) is required to submit to the Exchange a plan to regain compliance is consistent with the investor protection objectives of Section 6(b)(5) of the Act¹⁵ because the Exchange's process for addressing such deficiencies will follow the established pattern used for similar corporate governance deficiencies, to which listed Companies are already subject and are familiar with.

The Exchange believes that its proposed rule change is fair and not unfairly discriminatory. As stated in the Adopting Release, “[t]o assure that issuers listed on different exchanges are subject to the same disclosure requirements regarding erroneously awarded compensation recovery, amendments to the Commission’s disclosure rules require all issuers listed on any exchange to file their written compensation policies as an exhibit to their annual reports....”¹⁶ Additionally, because issuers listed on different exchanges will be subject to the same disclosure requirements regarding erroneously awarded compensation it alleviates any additional compliance burdens that could result, absent uniform treatment across all exchanges. The Exchange further believes that the proposed amendments are consistent with the protection

¹⁴ See, Rule 10D-1 Adopting Release at 87 FR 73077.

¹⁵ 15 U.S.C 78(b)(5).

¹⁶ See, 87 FR at 73078.

of investors and the public interest by imparting uniformity of the exchanges' rules on erroneously awarded executive compensation, as required by Rule 10D-1.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, as discussed in the Statutory Basis section, LTSE believes that the proposed amendments will impose no burden on competition in that every publicly traded company will be required to comply with the Rule 10D-1, and every national securities exchange that lists securities will be required to adopt essentially the same rules regarding erroneously awarded compensation as part of their original and continued listing requirements. Given these factors, the Exchange does not believe that there will be any burden on competition.

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)

Not applicable.

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

As noted in the Purpose and Statutory Basis sections, the proposed rule change is based on, and required by, Section 10D of the Act¹⁷ and Rule 10D-1 promulgated by the Commission thereunder.

¹⁷ See, 15 U.S.C. 78j-4.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

Exhibits 2 and 3 – Not applicable.

Exhibit 4 – Marked copy of changes to rule text proposed in this amendment compared to the proposed rule text that was initially filed.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-LTSE-2023-01]

[Date]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change to Establish Listing Standards Related to Recovery of Erroneously Awarded Executive Compensation

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 February 27, 2023, 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 Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

LTSE is filing with the Commission a proposed rule change as modified by Amendment No. 1³ to adopt Listing Standards for the Recovery of Erroneously Awarded Compensation, as required by Rule 10D-1 of the Act.⁴ The text of the proposed rule change is available at the Exchange’s website, at <https://longtermstockexchange.com>, at the principal office of the Exchange, and at the Commission’s public reference room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ This Amendment No. 1 to the rule filing SR-LTSE-2023-01 replaces SR-LTSE-2023-01 as originally filed on February 27, 2023 and supersedes that filing in its entirety.

⁴ 17 CFR 240-10D-1.

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 Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange is filing this amendment to SR-LTSE-2023-01 ("Amendment 1") in order to (i) clarify the purpose and rationale of the proposed rule change; and (ii) make technical changes to improve the structure and clarity of the proposed rules. This Amendment 1 supersedes and replaces the initial rule proposal in its entirety (the "Initial Proposal").

LTSE filed the Initial Proposal with the Commission on February 27, 2023 pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),⁵ and Rule 19b-4⁶ thereunder, proposing rule changes to establish listing standards for the recovery of erroneously awarded executive compensation as required by Rule 10D-1 of the Act.⁷

The Exchange is proposing amendments to Chapter 14 of its rules (LTSE Listing Rules) to establish listing standards for the recovery of erroneously awarded executive compensation as

⁵ 15 U.S.C. 78s(b)(1).

⁶ 17 CFR 240-19b-4.

⁷ 17 CFR 240-10D-1.

required by Rule 10D-1 and to address situations where a listed company has not complied with Rule 10D-1 and the Exchange's listing standards established pursuant thereto.

The Exchange proposes to amend Rule 14.203, Prerequisites for Applying to List on the Exchange, by adding new paragraph (j), which will require that all Companies listing on LTSE must, as required by Rule 10D-1, comply with the requirements of proposed Rule 14.207(f), Recovery of Erroneously Awarded Compensation to Executive Officers.

The Exchange is further proposing to amend LTSE Rules 14.207, Obligations for Companies Listed on the Exchange, paragraph (f), to establish "Listing Standards for the Recovery of Erroneously Awarded Compensation." The current text of paragraph (f) of Rule 14.207 will be repositioned into a new paragraph (g).

On October 26, 2022, the Commission adopted a new rule and rule amendments⁸ to implement Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd Frank Act"),⁹ which added Section 10D to the Act. This final Rule 10D-1 adopted by the Commission directs national securities exchanges and associations that list securities to establish listing standards that require each issuer to adopt, comply with, and disclose a written policy providing for the reasonably prompt recovery, in the event of required accounting restatement, of incentive-based compensation received by current or former executive officers during the three fiscal years preceding the date on which the issuer is required to prepare an accounting restatement to correct a material error. As required by Rule 10D-1 and proposed Rule 14.207(f) titled "Recovery of Erroneously Awarded Compensation to Executive

⁸ See, Release Nos. 33-11126; 34-96159; IC-34732; File No. S-7-12-15; 87 FR 73076 (November 28, 2022).

⁹ 2 Pub. L. No 111-203, 124 Stat. 1900 (2010).

Officers,” any Company listed on LTSE must adopt a compensation recovery policy, comply with that policy, and provide the required disclosures.

Additionally, as explained in the Rule 10D-1 adopting release¹⁰ (the “Adopting Release”), each listed issuer is required to file its written recovery policies as exhibits to its annual report; indicate, by check boxes on the annual reports, whether the financial statements included in the filing contain a correction of an error in previously-issued financial statements and whether any of the reported error corrections constitute restatements that required a recovery analysis under the issuer’s recovery policies; and finally, to disclose any actions taken through the application of the recovery policies.

Rule 10D-1 requires that issuers recover reasonably promptly the amount of erroneously-awarded executive compensation. Compliance by an issuer with this obligation will be reviewed in the context of each accounting restatement prepared by the issuer, and will include the means used to seek recovery and whether such means are appropriate based on the discrete circumstances of each executive officer who is determined to be subject to recovery of erroneously awarded compensation.

Rule 10D-1 became effective on January 27, 2023; national securities exchanges and national securities associations that list securities were required to file proposed listing standards no later than February 27, 2023 and such listing standards must be effective no later than November 28, 2023. Issuers subject to the Exchange’s listing standards will have 60 days following the effective date of such standards to adopt a recovery policy.

¹⁰ Securities Exchange Act Release No. 96159 (October 26, 2022), 87 FR 73076 (November 28, 2022).

As required by Rule 10D-1 and proposed Rule 14.207(f), any Company listed on LTSE must adopt a compensation recovery policy, comply with that policy, and provide the required compensation recovery policy disclosures.

The Exchange is proposing amendments to Chapter 14 of its rules (LTSE Listing Rules) to establish listing standards for the recovery of erroneously awarded executive compensation as required by Rule 10D-1.

The Exchange proposes to amend Rule 14.203, Prerequisites for Applying to List on the Exchange, by adding new paragraph (j), which will require that all Companies listing on LTSE must, as required by Exchange Act Rule 10D-1, comply with the requirements of Rule 14.207(f) (Recovery of Erroneously Awarded Compensation to Executive Officers).

New Definitions.

The Exchange is proposing to adopt the specific definitions of certain terms as contained in Rule 10D-1. These new definitions are being proposed solely for purposes of Rule 14.207(f). In new subparagraph (A) of Rule 14.207(f)(1), the Exchange defines “Executive Officer” as the Company’s¹¹ president, principal financial officer, principal accounting officer (or the controller in the event there is no principal accounting officer), and vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy making

¹¹ The Exchange notes that, throughout the proposed rule text, it uses the term “Company” rather than “issuer” to apply consistent terminology that is used throughout the Exchange’s Listing Rules. Rule 14.002(a)(5) defines “Company” to mean the issuer of a security listed or applying to list on the Exchange. For purposes of the Exchange’s listing rules, the term “Company” includes an issuer that is not incorporated, such as, for example, a limited partnership.

functions for the Company. In addition, when the Company is a limited partnership, officers or employees of the general partner(s) who perform policy-making functions for the limited partnership are deemed officers of the limited partnership. When the Company is a trust, officers, or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Rule would include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

Proposed subparagraph (B) of Rule 14.207(f)(1) defines “Financial Reporting Measures” as those that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission.

In proposed subparagraph (C) of Rule 14.207(f)(1), the Exchange defines “Incentive-based Compensation” as any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. Finally, proposed subparagraph (D) of Rule 14.207(f)(1) provides that the term “Received” with respect to incentive-based compensation as meaning that such compensation is deemed received in the Company’s fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period. The provision is intended to provide clarification and avoid doubt when determining when incentive based compensation that is subject to the rule was received.

Requirement to Adopt, Implement and Disclose a Recovery Policy for Incentive-Based Executive Compensation

Proposed Rule 14.207(f)(2) requires that every Company that lists its securities on the Exchange must, no later than 60 days of the effective date of this rule, which is the date that the Commission approves this rule filing SR-LTSE-2023-01, adopt and comply with a written policy requiring such issuer to recover reasonably promptly the amount of erroneously awarded incentive-based compensation to any executive officer in the event that the Company is required to prepare an accounting restatement due to material non-compliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct a material error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

This provision is intended to align with the requirements of Rule 10D-1 and embed in the Exchange's listing rules the requirement to establish and enforce a written recovery policy as a requirement for listing on LTSE.

In proposed Rule 14.207(f)(2)(B), the Exchange requires that every Company listed on the Exchange disclose its written recovery policy as part of its reporting obligations to the Commission, as an exhibit to its Annual Report, and to the Exchange. Companies applying for initial listing must include its written recovery policy as part of its listing application. The Exchange will not act on any new listing application unless the recovery policy is included with the initial listing application. Proposed Rule 14.203(j), as discussed above, also notes as part of the prerequisites for applying to list on the Exchange, as required by Rule 10D-1, any Company listing on the Exchange must comply with proposed rule 14.207(f).

In proposed Rule 14.207(f)(3), Application of the Recovery Policy to Executive Officers, the Exchange states that the recovery policy shall apply to all incentive-based compensation received by a person: (A) after beginning service as an executive officer of the Company; (B) who served as an executive officer at any time during the performance period for that incentive-based compensation; (C) while the Company had a class of securities listed on a national securities exchange or a national securities association; and (D), during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in proposed Rule 14.207(f). In addition to the last three completed fiscal years, the recovery policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year. A Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

For purposes of determining the relevant recovery period, the Exchange proposes in Rule 14.207(f)(4) that the date that a Company is required to prepare an accounting restatement as described in paragraph (f) of the Rule is the earlier to occur of: (A) the date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in paragraph (f) of this Rule.

Determining Amount of Incentive-Based Compensation Subject to the Company's Recovery Policy.

Proposed Rule 14.207(f)(5)(A) states that the amount of incentive-based compensation that must be subject to the Company's recovery policy ("erroneously awarded compensation") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid. Proposed subparagraph (B) states that, for incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

(i) the amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange. These provisions are intended to address and clarify how erroneously awarded compensation calculations will be treated when it involves factors not readily obtained through an analysis of the accounting restatement.

Rule 10D-1 requires that a listed Company recover the amount of erroneously-awarded incentive-based compensation reasonably promptly¹² but does not specify the time by which the Company must complete the recovery of excess incentive-based compensation. LTSE will

¹² The Commission stated that it: "recognize(s) that what is reasonable may depend on the additional cost incident to the recovery efforts. [The Commission] expects[s] that issuers and their directors and officers, in the exercise of their fiduciary duty to safeguard the assets of the issuer (including the time value of any of any potentially recoverable compensation), will pursue the most appropriate balance of cost and speed in determining the appropriate means to seek recovery." See, Adopting Release at 73104.

determine whether the steps that a Company is taking constitutes compliance with its compensation recovery policy. The Company's obligation to recover erroneously-awarded incentive based compensation reasonably promptly will be assessed on a holistic basis with respect to each such accounting restatement prepared by the Company. In evaluating whether the Company is recovering erroneously-awarded executive compensation reasonably promptly, the Exchange will consider whether the Company is pursuing the appropriate balance of cost and speed in determining the appropriate means to seek recovery, and whether the Company is securing recovery through means that are appropriate based on the particular facts and circumstances of each executive officer that owes a recoverable amount.

Exceptions to Requirement to Recover Erroneously Awarded Compensation.

Proposed Rule 14.207(f)(6), Exceptions to Requirement to Recover Erroneously Awarded Compensation, allows for certain exceptions to the application of the recovery policy. Specifically, Companies must recover erroneously awarded compensation in compliance with its recovery policy except to the extent that the conditions described subparagraphs (A), (B), or (C) of proposed Rule 14.207(f)(6) are met and the Company's Compensation Committee, or in the absence of such a committee, a majority of the independent directors serving on the board, has made a determination that recovery would be impracticable in consideration of those conditions.

Under subparagraph (A) of proposed Rule 14.207(f)(6), the direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the exchange or association. Under subparagraph (B),

recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange. Under subparagraph (C), recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

In proposed Rule 14.207(f)(7), Indemnification Of Executive Officers by the Company Prohibited, the Exchange makes clear that a Company is prohibited from indemnifying any executive officer or former executive officer against the loss of erroneously awarded compensation. This provision is intended to assure that executive officers who otherwise would be subject to the recovery rule do not avoid a financial consequence by having the Company indemnify them. Absent this provision, the recovery rule would lose substantial impact and would not be as effective in influencing executive management actions.

Proposed Rule 14.207(f)(8) reinforces the disclosure requirements and provides that Companies are required to file all disclosures with respect to its Recovery Policy in accordance with the requirements of the Federal securities laws, applicable Commission filings, and the Rules of the Exchange.

The Exchange further proposes certain general exemptions in Rule 14.207(f)(9): that the requirements of Rule 14.207(f) shall not apply to the listing of any security issued by a unit investment trust, as defined in 15 U.S.C 80a-4(2) and any security issued by a management company as defined in 15 U.S.C. 80(a)-4(3) that is registered under Section 8 of the Investment

Company Act of 1940 (15 U.S.C. 80a-8, if such management company has not awarded incentive-based compensation to any executive officer of the Company in any of the last three fiscal years, or in the case of a Company that has been listed less than three fiscal years, since the listing of the Company. These exemptions are proposed to align with the exemptions provided in Rule 10D-1.

As provided in Rule 10D-1, LTSE proposes to require under Rule 14.207(f)(10) that each Company is required to (i) adopt a policy governing the recovery of erroneously awarded compensation as required by this rule no later 60 days following the effective date of this rule (the date of the Commission's approval of SR-LTSE-2023-01); and (ii) provide the disclosures required by this rule and in the applicable Commission filings on or after such effective date of this rule (the date of the Commission's approval of SR-LTSE-2023-01). Notwithstanding the look-back requirements in Rule 14.207(f), a Company is only required to apply the recovery policy to incentive-based executive compensation received after the effective date of this rule (the date of the Commission's approval of SR-LTSE-2023-01).

As proposed, a Company will be subject to delisting by the Exchange if it does not adopt, comply with, and disclose its policy on recovery of erroneously awarded executive compensation. Any Company that has failed to meet the requirements of the Rule will not be allowed to list on LTSE or, if listed, will be subject to provisions of LTSE Rule 14.500 (Failure to Meet Listing Standards) and the procedures set forth in Rules 14.501, 14.502 and 14.503. The Exchange is proposing to amend Rule 14.501(d)(2)(A)(iii) to provide that a Company that has failed to comply with the requirements of Rule 14.207(f) is required to submit to LTSE a plan to regain compliance. The Exchange proposes to utilize its existing administrative process for addressing corporate governance deficiencies for violations of Rule 10D-1, subject to certain

amendments described below. The Exchange believes that using the existing process is appropriate in that it applies a consistent process for rectifying corporate governance deficiencies to which listed Companies are already subject.

However, the Exchange is proposing amendments to Rule 14.500(b)(5), which defines a Public Reprimand Letter, and Rule 14.501, Notification of Deficiency by LTSE Regulation, to exclude a violation of Rule 10D-1 from the deficiencies in listing standards for which a Public Reprimand Letter is appropriate under Rule 14.500 and state that Public Reprimand Letters may not be issued for violations of the listing standards required by Rule 10D-1 and proposed LTSE Rule 14.207(f). A conforming amendment is proposed for Rule 14.502, Review of Staff Determination by the Listings Review Committee. Currently, the rule text in Rule 14.502(1)(C), states that the Exchange's Listing Review Committee may, where it deems appropriate: "issue a decision that serves as a Public Reprimand letter in cases where the Company has violated an Exchange corporate governance or notification Listing standard (other than one required by Rule 10A-3 of the Act) and the Listing Review Committee determines that delisting is an inappropriate sanction...." The Exchange proposes to include Rule 10D-1 as a governance and notification listing standard that is ineligible for the disposition by a Public Reprimand Letter upon a review or a delisting proceeding by the Listings Review Committee.

The Exchange is proposing these amendments because it does not believe that issuance of a Public Reprimand Letter in situations where a listed Company has failed to meet its obligations regarding the recovery of erroneously awarded executive compensation is consistent with the provisions of Rule 10D-1.

2. Statutory Basis

The Exchange believe that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁴ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Further, the Exchange believes that the proposal is not designed to permit unfair discrimination between issuers or to regulate by virtue of any authority conferred by the Act matters not related to the purposes of the Act or the administration of the Exchange, for the reasons set forth below.

First, and importantly, the Exchange is proposing to adopt these rules as required under Section 10D of the Act and Rule 10D-1. The requirement that national securities exchanges that list equity securities, such as LTSE, embed the requirements of the statute and the regulation into its listing rules is intended to effectuate compliance and ensure consistency across the rules of every exchange. The Exchange believes that these proposals protect investors and the public interest by requiring Companies, with certain exemptions, that in the event the Company is required to prepare an accounting restatement, to recover reasonably promptly erroneously awarded incentive-based compensation paid to current or former executive officers based on any misstated financial measure. These proposed amendments will also help to foster effective oversight of executive compensation and provide increased accountability and transparency to investors by not allowing executive officers to retain compensation that they were awarded

¹³ Id.

¹⁴ 15 U.S.C. 78f(b)(5).

erroneously. The Exchange believes that the recovery requirement will operate to provide executive officers with an increased incentive to take steps to reduce the likelihood of inadvertent misreporting and will reduce the financial benefits to executive officers who pursue impermissible accounting methods, which the Commission expects will further reduce such behavior.¹⁵

LTSE further believes that the proposal to provide that a Company that had failed to comply with the requirements of Rule 14.207(f) is required to submit to the Exchange a plan to regain compliance is consistent with the investor protection objectives of Section 6(b)(5) of the Act¹⁶ because the Exchange's process for addressing such deficiencies will follow the established pattern used for similar corporate governance deficiencies, to which listed Companies are already subject and are familiar with.

The Exchange believes that its proposed rule change is fair and not unfairly discriminatory. As stated in the Adopting Release, “[t]o assure that issuers listed on different exchanges are subject to the same disclosure requirements regarding erroneously awarded compensation recovery, amendments to the Commission’s disclosure rules require all issuers listed on any exchange to file their written compensation policies as an exhibit to their annual reports....”¹⁷ Additionally, because issuers listed on different exchanges will be subject to the same disclosure requirements regarding erroneously awarded compensation it alleviates any additional compliance burdens that could result, absent uniform treatment across all exchanges. The Exchange further believes that the proposed amendments are consistent with the protection

¹⁵ See, Rule 10D-1 Adopting Release at 87 FR 73077.

¹⁶ 15 U.S.C 78(b)(5).

¹⁷ See, 87 FR at 73078.

of investors and the public interest by imparting uniformity of the exchanges' rules on erroneously awarded executive compensation, as required by Rule 10D-1.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, as discussed in the Statutory Basis section, LTSE believes that the proposed amendments will impose no burden on competition in that every publicly traded company will be required to comply with the Rule 10D-1, and every national securities exchange that lists securities will be required to adopt essentially the same rules regarding erroneously awarded compensation as part of their original and continued listing requirements. Given these factors, the Exchange does not believe that there will be any burden on competition.

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will: (a) by order approve or disapprove the proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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-2023-01 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-LTSE-2023-01. 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-2023-01 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.¹⁸

J. Matthew DeLesDernier,
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

Exhibit 4 - TEXT OF PROPOSED RULE CHANGE

Proposed new language is underlined; proposed deletions are in [brackets]. Additional changes being made pursuant to Amendment No. 1 to SR-LTSE-2023-01 are italics; deletions being made pursuant to Amendment No. 1 to SR-LTSE-2023-01 are struck-through. Rule 14.203 and Rule 14.501(d)(4) reflect both existing rule text and make changes to the existing rule text. Additions in these paragraphs to the existing rule text are italicized, underlined and bolded; and deletions are italicized, struck through and bolded.

Long-Term Stock Exchange Rule Book

* * * * *

Rule 14.203. Prerequisites for Applying to List on the Exchange

All Companies applying to list on LTSE must meet the following prerequisites:

(a) – (i) No change.

(j) As required by Exchange Act Rule 10D-1, any Company listing on the Exchange must comply with the requirements of Rule 14.207(f) (Recovery of Erroneously Awarded Compensation to Executive Officers).

* * * * *

Rule 14.207. Obligations for Companies Listed on the Exchange

(a) - (e) - No changes.

(f) [Obligation to Pay Fees. The Company is required to pay all applicable fees as described in the Rule 14.600 Series.] Recovery of Erroneously Awarded Compensation to Executive Officers.
Preamble: As required by SEC Exchange Act Rule 10D-1 and this Rule 14.207(f), any Company listed on LTSE must adopt a compensation recovery policy, comply with that policy, and provide the compensation recovery policy disclosures required by this rule and in all applicable filings with the Commission.

(1) Definitions

~~The~~ Unless the context otherwise requires, the following definitions apply to for purposes of this Rule 14.207(f) (and only for purposes of this Rule 14.207(f)):

- (A) Executive Officer: An ~~Executive Officer~~ executive officer is the Company's president, principal financial officer, principal accounting officer ~~(or the controller in the event there is no principal accounting officer)~~ (or if there is no such accounting officer, the controller), and any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. In addition, when the Company is a limited partnership, officers or employees of the general partner(s) who perform policy-making functions for the limited partnership are deemed officers of the limited partnership. When the Company is a trust, officers, or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this section would include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).
- (B) Financial reporting measures: Financial reporting measures are those that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission.
- (C) Incentive-based compensation: Incentive-based compensation is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.
- (D) Received: Incentive-based compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.
- (2) Requirement to Adopt, Implement and Disclose a Recovery Policy for Incentive-Based Executive Compensation.
- (A) Each Company that lists its securities on the Exchange ~~shall~~ must adopt and comply with a written policy ~~requiring~~ providing that the Company ~~to will~~ recover reasonably promptly the amount of erroneously awarded incentive-based compensation to any executive officer ("Recovery Policy") if: The in the event that the Company is required to prepare an accounting restatement due to material non-compliance of the Company with any financial reporting requirement under

the securities laws, including any required accounting restatement to correct a material error in previously issued financial statements, or an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

- (B) ~~Every~~*Each* Company listed on the Exchange ~~shall~~*must* disclose its written policy related to the recovery of erroneously awarded compensation as part of its reporting obligations to the Commission, as an exhibit to its Annual Report, and to the Exchange. Companies applying for initial listing ~~shall~~*must* include its written policy as part of its listing application.

(3) Application of the Recovery Policy to Executive Officers.

The ~~Recovery Policy shall~~ Company's recovery policy must apply to all incentive-based compensation received by a person:

- (A) ~~After such person began serving~~*beginning service* as an executive officer of the Company;
- (B) ~~Such person~~*Who* served as an executive officer at any time during the performance period for that incentive-based compensation;
- (C) ~~While the Company had a class of securities listed on the Exchange~~*a national securities exchange or a national securities association; and*
- (D) ~~During the three completed fiscal years immediately preceding the date that the Company is required to issue~~*prepare* an accounting restatement as described in paragraph (f) ~~(2) above~~*of this Rule*. In addition to the last three completed fiscal years, the ~~Recovery Policy shall~~*recovery policy must apply to any transition period (that resulted* ~~results~~*from a change in the Company's fiscal year) within or immediately following the*those* three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of ~~its~~*new* fiscal year that comprises a period of ~~9~~*nine* to 12 months would be deemed a completed fiscal year. A Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.*

(4) Determination of the Relevant Recovery Period.

For purposes of determining the relevant recovery period, the date that a Company is required to prepare an accounting restatement as described in paragraph (f) ~~(2)~~ of this rule*Rule is the earlier to occur of:*

- (A) The date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board

action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in paragraph (f)(2) of this ~~rule~~Rule; or

- (B) The date a court, regulator, or other legally authorized body directs the ~~issuer~~Company to prepare an accounting restatement as described in paragraph (f)(2) of this ~~rule~~Rule.

(5) Determining Amount of Incentive-Based Compensation Subject to the Company's Recovery Policy.

- (A) The amount of incentive-based compensation that must be subject to the Company's recovery policy ("erroneously awarded compensation") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid.

- (B) For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

(i) The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and

(ii) The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

(6) Exceptions to Requirement to Recover Erroneously Awarded Compensation.

Companies must recover erroneously awarded compensation in compliance with its recovery policy except to the extent that the conditions of paragraphs (A), (B), or (C) below of this Rule 14.207(f)(6) are met and the Company's Compensation Committee, or in the absence of such a committee, a majority of the independent directors serving on the board, has made a determination that recovery would be impracticable.

(A) The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange.

(B) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange.

(C) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

~~(6)~~(7) Indemnification Of Executive Officers by the Company Prohibited. The Company is prohibited from indemnifying any executive officer or former executive officer against the loss of erroneously awarded compensation.

~~(7)~~(8) Companies are required to file all disclosures with respect to its ~~Recovery Policy~~ recovery policy in accordance with the requirements of the Federal securities laws, including the disclosure required by applicable Commission filings, and the Rules of the Exchange.

~~(8)~~(9) General Exemptions. The requirements of this Rule 14.207(f) shall do not apply to the listing of any security issued by a unit investment trust, as defined in 15 U.S.C. 80a-4(2) and any security issued by a management company as defined in 15 U.S.C. 80(a)-4(3) that is registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8, if such management company has not awarded incentive-based compensation to any executive officer of the Company in any of the last three fiscal years, or in the case of a Company that has been listed less than three fiscal years, since the listing of the Company.

~~(9)~~(10) Effective Date: Each Company is required to (i) adopt a policy governing the recovery of erroneously awarded compensation as required by this rule no later than 60 days following the effective date of this rule, which is {insert date of the Commission's approval of SR-LTSE-2023-01}; and (ii) provide the disclosures required by this rule and in the applicable Commission filings on or after such effective date: of this rule, which is {insert date of the Commission's approval of SR-LTSE-2023-01}. Notwithstanding the look-back requirements in Rule 14.207(f), a Company is only required to apply the recovery policy to incentive-based executive compensation received after the effective date of this rule. Any Company that has failed to meet the requirements of the Rule on or after the effective date of this rule will not be allowed to list on LTSE or, if listed, will be subject to provisions of Rule 14.500 (Failure to Meet Listing Standards) and the procedures set forth in Rules 14.501, 14.502 and 14.503., which is {insert date of the Commission's approval of SR-LTSE-2023-01}.

(g) Obligation to Pay Fees. The Company is required to pay all applicable fees as described in the Rule 14.600 Series.

~~****Supplementary Material~~

~~.01 through .03—No changes.~~

04. Exceptions to Requirement to Recover Erroneously Awarded Compensation:

Companies must recover erroneously awarded compensation in compliance with its recovery policy except to the extent that the conditions of paragraphs (A), (B), or (C) below are met and the Company's committee of independent directors responsible for executive compensation decisions, or in the absence of such a committee, a majority of the independent directors serving on the board, has made a determination that recovery would be impracticable in consideration of those conditions:

(A) The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the issuer must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the exchange or association.

(B) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the issuer must obtain an opinion of home country counsel, acceptable to the applicable national securities exchange or association, that recovery would result in such a violation, and must provide such opinion to the exchange or association.

(C) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

* * * * *

Rule 14.500. Failure to Meet Listing Standards

~~(a)(1) --(a)(4)(a)~~ - No changes.

(b)(1) - (b)(4) - No changes.

~~(a)(b)(5)~~ “Public Reprimand Letter” means a letter issued by Staff or a Decision of the Listings Review Committee in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under[of] the Act) and Staff or the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, Staff or the Listings Review Committee will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(b)(6) - (b)(7) - No changes.

Rule 14.501. Notification of Deficiency by LTSE Regulation

(a)(1) - (a)(3) - No changes.

(a)(4) Public Reprimand Letters, except such notification type is not available for unresolved deficiencies from the standards of Rules 14.207(c) ~~{Obligation to File Periodic Financial Reports}~~, 14.207(f) {Recovery of Erroneously Awarded Compensation to Executive Officers}, ~~14.407(a)(4)(D) {Partner Meetings of Limited Partnerships}~~ and 14.408(a) ~~{Meetings of Shareholders}~~.

Notifications of deficiencies that allow for submission of a compliance plan or an automatic cure or compliance period may result, after review of the compliance plan or expiration of the cure or compliance period, in issuance of a Staff Delisting Determination or a Public Reprimand Letter; subject to the exceptions above.

(b)-(c) – No changes.

Supplementary Material .01 – No changes.

(d) Types of Deficiencies and Notifications

The type of deficiency at issue determines whether the Company will be immediately suspended and delisted, or whether it may submit a compliance plan for review or is entitled to an automatic cure or compliance period before a Staff Delisting Determination is issued. In the case of a deficiency not specified below, Staff will issue the Company a Staff Delisting Determination or a Public Reprimand Letter.

~~(d)(2)(A)(i) - (ii) – No changes~~

(d)(1) - (d)(2)(A)(i-ii) - No changes.

~~(d)(3)~~(d)(2)(A)(iii) deficiencies from the standards of LTSE Rules 14.408(a) {Meetings of Shareholders}, 14.408(c) {Quorum}, 14.411 {Review of Related Party Transactions}, 14.412 {Shareholder Approval}, 14.207(c)(3) {Auditor Registration}, 14.208(a) {Direct Registration Program}, 14.207(f) {Recovery of Erroneously Awarded Compensation}, 14.406 {Code of Conduct}, 14.407(a)(4)(D) {Partner Meetings of Limited Partners}, 14.407(a)(4)(E) {Quorum of Limited Partnerships}, 14.407(a)(4)(G) {Related Party Transactions of Limited Partnerships}, 14.413 {Voting Rights}, 14.414 {Internal Audit Function}, or 14.425 {Long-Term Policies}; or

(d)(2)(A)(iv) - (d)(2)(A)(v) - No changes.

(d)(2)(B) - (d)(2)(G) - No changes.

(d)(3) - No changes.

(d)(4) *Public Reprimand Letter.*

Staff's notification may be in the form of a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under the Act) and Staff determines that delisting is an inappropriate sanction. In determining whether to issue a public reprimand letter, LTSE Regulation will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(e) - No changes.

Rule 14.502. Review of Staff Determination by the Listings Review Committee

When a Company receives a Staff Delisting Determination or a Public Reprimand Letter issued by LTSE Regulation it may request in writing that the Listings Review Committee review the matter in a written or an oral hearing. This section sets forth the procedures for requesting a hearing before the Listings Review Committee, describes the Listings Review Committee and the possible outcomes of a hearing, and sets forth Listings Review Committee procedures.

(a) - No changes.

~~(a) Scope of Listing Committee's Discretion.~~

~~(1)(A) - (1)(B) - No changes.~~

~~(a)~~(b) Scope of Listing *Review* Committee's Discretion.

(1)(A) - (1)(B) – No changes.

(1)(C) issue a Decision that serves as a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by ~~Rules~~Rule 10A-3 and Rule 10D-1 ~~under~~[of] the Act) and the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, the Listings Review Committee will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations;

~~(1)(D) - (1)(F) – No changes.~~

~~(b)(2) - (b)(3) - No changes.~~

~~(c) - No changes.~~

* * * * *

Exhibit 5 - TEXT OF PROPOSED RULE CHANGE

Proposed new language is underlined; proposed deletions are in [brackets]

Long-Term Stock Exchange Rule Book

* * * * *

Rule 14.203. Prerequisites for Applying to List on the Exchange

All Companies applying to list on LTSE must meet the following prerequisites:

(a) – (i) No change.

(j) As required by Exchange Act Rule 10D-1, any Company listing on the Exchange must comply with the requirements of Rule 14.207(f) (Recovery of Erroneously Awarded Compensation to Executive Officers).

* * * * *

Rule 14.207. Obligations for Companies Listed on the Exchange

(a) - (e) - No changes.

(f) [Obligation to Pay Fees. The Company is required to pay all applicable fees as described in the Rule 14.600 Series.] Recovery of Erroneously Awarded Compensation to Executive Officers. Preamble: As required by Exchange Act Rule 10D-1 and this Rule 14.207(f), any Company listed on LTSE must adopt a compensation recovery policy, comply with that policy, and provide the compensation recovery policy disclosures required by this rule and in all applicable filings with the Commission.

(1) Definitions

Unless the context otherwise requires, the following definitions apply for purposes of this Rule 14.207(f) (and only for purposes of this Rule 14.207(f)):

(A) Executive Officer: An executive officer is the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. In addition, when the Company is a limited partnership, officers or employees of the

general partner(s) who perform policy-making functions for the limited partnership are deemed officers of the limited partnership. When the Company is a trust, officers, or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this section would include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

- (B) Financial reporting measures: Financial reporting measures are those that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission.
 - (C) Incentive-based compensation: Incentive-based compensation is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.
 - (D) Received: Incentive-based compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.
- (2) Requirement to Adopt, Implement and Disclose a Recovery Policy for Incentive-Based Executive Compensation.
- (A) Each Company that lists its securities on the Exchange must adopt and comply with a written policy providing that the Company will recover reasonably promptly the amount of erroneously awarded incentive-based compensation to any executive officer in the event that the Company is required to prepare an accounting restatement due to material non-compliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
 - (B) Each Company listed on the Exchange must disclose its written policy related to the recovery of erroneously awarded compensation as part of its reporting obligations to the Commission, as an exhibit to its Annual Report, and to the Exchange. Companies applying for initial listing must include its written policy as part of its listing application.
- (3) Application of the Recovery Policy to Executive Officers.

The Company's recovery policy must apply to all incentive-based compensation received by a person:

- (A) After beginning service as an executive officer of the Company;
- (B) Who served as an executive officer at any time during the performance period for that incentive-based compensation;
- (C) While the Company had a class of securities listed on a national securities exchange or a national securities association; and
- (D) During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule. In addition to the last three completed fiscal years, the recovery policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year. A Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

(4) Determination of the Relevant Recovery Period.

For purposes of determining the relevant recovery period, the date that a Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule is the earlier to occur of:

- (A) The date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule; or
- (B) The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in paragraph (f) of this Rule.

(5) Determining Amount of Incentive-Based Compensation Subject to the Company's Recovery Policy.

- (A) The amount of incentive-based compensation that must be subject to the Company's recovery policy ("erroneously awarded compensation") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it

been determined based on the restated amounts, and must be computed without regard to any taxes paid.

(B) For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

(i) The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and

(ii) The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

(6) Exceptions to Requirement to Recover Erroneously Awarded Compensation.

Companies must recover erroneously awarded compensation in compliance with its recovery policy except to the extent that the conditions of paragraphs (A), (B), or (C) below of this Rule 14.207(f)(6) are met and the Company's Compensation Committee, or in the absence of such a committee, a majority of the independent directors serving on the board, has made a determination that recovery would be impracticable.

(A) The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange.

(B) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange.

(C) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

(7) Indemnification Of Executive Officers by the Company Prohibited. The Company is prohibited from indemnifying any executive officer or former executive officer against the loss of erroneously awarded compensation.

(8) Companies are required to file all disclosures with respect to its recovery policy in accordance with the requirements of the Federal securities laws, including the disclosure required by applicable Commission filings, and the Rules of the Exchange.

(9) General Exemptions. The requirements of this Rule 14.207(f) do not apply to the listing of any security issued by a unit investment trust, as defined in 15 U.S.C 80a-4(2) and any security issued by a management company as defined in 15 U.S.C. 80(a)-4(3) that is registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8, if such management company has not awarded incentive-based compensation to any executive officer of the Company in any of the last three fiscal years, or in the case of a Company that has been listed less than three fiscal years, since the listing of the Company.

(10) Effective Date: Each Company is required to (i) adopt a policy governing the recovery of erroneously awarded compensation as required by this rule no later than 60 days following the effective date of this rule, which is {insert date of the Commission's approval of SR-LTSE-2023-01}; and (ii) provide the disclosures required by this rule and in the applicable Commission filings on or after such effective date of this rule, which is {insert date of the Commission's approval of SR-LTSE-2023-01}. Notwithstanding the look-back requirements in Rule 14.207(f), a Company is only required to apply the recovery policy to incentive-based executive compensation received after the effective date of this rule, which is {insert date of the Commission's approval of SR-LTSE-2023-01}.

(g) Obligation to Pay Fees. The Company is required to pay all applicable fees as described in the Rule 14.600 Series.

* * * * *

Rule 14.500. Failure to Meet Listing Standards

(a) - No changes.

(b)(1) - (b)(4) - No changes.

(b)(5) "Public Reprimand Letter" means a letter issued by Staff or a Decision of the Listings Review Committee in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under[of] the Act) and Staff or the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, Staff or the Listings Review Committee will consider whether the violation was inadvertent, whether the violation

materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(b)(6) - (b)(7) - No changes.

Rule 14.501. Notification of Deficiency by LTSE Regulation

(a)(1) - (a)(3) - No changes.

(a)(4) Public Reprimand Letters, except such notification type is not available for unresolved deficiencies from the standards of Rules 14.207(c) {Obligation to File Periodic Financial Reports}, 14.207(f) {Recovery of Erroneously Awarded Compensation to Executive Officers}, 14.407(a)(4)(D) {Partner Meetings of Limited Partnerships} and 14.408(a) {Meetings of Shareholders}.

Notifications of deficiencies that allow for submission of a compliance plan or an automatic cure or compliance period may result, after review of the compliance plan or expiration of the cure or compliance period, in issuance of a Staff Delisting Determination or a Public Reprimand Letter, subject to the exceptions above.

(b)-(c) – No changes.

Supplementary Material .01 – No changes.

(d) Types of Deficiencies and Notifications

The type of deficiency at issue determines whether the Company will be immediately suspended and delisted, or whether it may submit a compliance plan for review or is entitled to an automatic cure or compliance period before a Staff Delisting Determination is issued. In the case of a deficiency not specified below, Staff will issue the Company a Staff Delisting Determination or a Public Reprimand Letter.

(d)(1) - (d)(2)(A)(i-ii) - No changes.

(d)(2)(A)(iii) deficiencies from the standards of LTSE Rules 14.408(a) {Meetings of Shareholders}, 14.408(c) {Quorum}, 14.411 {Review of Related Party Transactions}, 14.412 {Shareholder Approval}, 14.207(c)(3) {Auditor Registration}, 14.208(a) {Direct Registration Program}, 14.207(f) {Recovery of Erroneously Awarded Compensation}, 14.406 {Code of Conduct}, 14.407(a)(4)(D) {Partner Meetings of Limited Partners}, 14.407(a)(4)(E) {Quorum of Limited Partnerships}, 14.407(a)(4)(G) {Related Party

Transactions of Limited Partnerships}, 14.413 {Voting Rights}, 14.414 {Internal Audit Function}, or 14.425 {Long-Term Policies}; or

(d)(2)(A)(iv) - (d)(2)(A)(v) - No changes.

(d)(2)(B) - (d)(2)(G) - No changes.

(d)(3) - No changes.

(d)(4) Public Reprimand Letter.

Staff's notification may be in the form of a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under[of] the Act) and Staff determines that delisting is an inappropriate sanction. In determining whether to issue a public reprimand letter, LTSE Regulation will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(e) - No changes.

Rule 14.502. Review of Staff Determination by the Listings Review Committee

When a Company receives a Staff Delisting Determination or a Public Reprimand Letter issued by LTSE Regulation it may request in writing that the Listings Review Committee review the matter in a written or an oral hearing. This section sets forth the procedures for requesting a hearing before the Listings Review Committee, describes the Listings Review Committee and the possible outcomes of a hearing, and sets forth Listings Review Committee procedures.

(a) - No changes.

(b) Scope of Listing Review Committee's Discretion.

(1)(A) - (1)(B) – No changes.

(1)(C) issue a Decision that serves as a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under[of] the Act) and the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, the Listings Review Committee will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders'

interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations;

(1)(D) - (1)(F) – No changes.

(b)(2) - (b)(3) - No changes.

(c) - No changes.

* * * * *