

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105367; File No. SR-TXSE-2026-005]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing of a Proposed Rule Change to Adopt Rules Related to the Listing and Trading of Closed-End Funds on the Exchange

May 5, 2026.

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 April 23, 2026, Texas Stock Exchange LLC (the “Exchange” or “TXSE”) filed with the Securities and Exchange Commission (“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

The Exchange filed a proposal to adopt rules related to the listing and trading of closed-end funds on the Exchange.

The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>) at the Exchange’s website (<https://txse.com/rule-filings>), and at the principal office of the Exchange.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The Exchange proposes to amend its Rules to: (i) add new Rule 16.316 related to the initial and continued quantitative listing standards applicable to Closed-End Funds³ based on existing criteria applicable to Closed-End Funds listed on Cboe BZX Exchange, Inc. (“BZX”);⁴ (ii) add new rule text specifically related to the initial and continued listing of Interval Funds, as defined below, on the Exchange; and (iii) to add Closed-End Funds to the list of security types for which the annual shareholder meaning[sic] requirements do not apply.

Initial Listing

Closed-End Funds

As proposed, a Closed-End Fund must meet the initial listing requirements for either an individual Closed-End Fund (the “Individual CEF Standard”) or a Group⁵ of Closed-End Funds (the “Group CEF Standard”), as provided below, before being listed on the Exchange. The Individual CEF Standard requires: (a) a Public Distribution⁶ of: (i) at least 500,000 shares where there are at least 800 Public Shareholders,⁷ except that companies that are not banks whose

³ As defined in proposed Rule 16.316(a)(1), the term Closed-End Fund means a closed-end management investment company registered under the Investment Company Act of 1940.

⁴ See BZX Rule 14.8(e).

⁵ As defined in proposed Rule 16.316(b)(2), a “Group” is a group of Closed-End Funds which are or will be listed on the Exchange, and which are managed by a common investment adviser or investment advisers who are “affiliated persons” as defined in Section 2(a)(3) of the Investment Company Act of 1940 as amended. Section 2(a)(3) of the Investment Company Act of 1940 defines affiliated person of another person as “(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; (D) any officer, director, partner, copartner, or employee of such other person; (E) if such other person is an investment company, any investment adviser thereof or any member of an advisory board thereof; and (F) if such other person is an unincorporated investment company not having a board of directors, the depositor thereof.”

⁶ As defined in proposed Rule 16.316(a)(4), the term “Public Distribution” shall mean the public distribution including only Public Shareholders.

⁷ As defined in proposed Rule 16.316(a)(3), the term “Public Shareholders” shall include both shareholders of record and beneficial holders, but is exclusive of the holdings of officers, directors, controlling shareholders, and other concentrated (i.e. 10% or greater), affiliated or family holdings.

securities are concentrated in a limited geographical area, or whose securities are largely held in block by institutional investors, are normally not considered eligible for listing unless the Public Distribution appreciably exceeds 500,000 shares;⁸ or (ii) at least 1,000,000 shares where there are at least 400 Public Shareholders; (b) a Public Distribution with a market value⁹ or net assets of at least \$20 million; (c) a minimum bid price of at least \$4 per share; and (d) at least four registered and active Market Makers.¹⁰ The Group CEF Standard requires that a Closed-End Fund which is part of a Group be subject to the following criteria: (a) the Group has a Public Distribution with a market value or net assets of at least \$75 million; (b) the Closed-End Funds in the Group have a Public Distribution with an average market value or average net assets of at least \$15 million; (c) each Closed-End Fund in the Group has a Public Distribution with a market value or net assets of at least \$10 million; and (d) each Closed-End Fund in the Group has: (i) a Public Distribution of: (a) at least 500,000 shares where there are at least 800 Public Shareholders, except that companies that are not banks whose securities are concentrated in a limited geographical area, or whose securities are largely held in block by institutional investors, are normally not considered eligible for listing unless the Public Distribution appreciably exceeds 500,000 shares;¹¹ or (b) at least 1,000,000 shares where there are at least 400 Public Shareholders; (ii) a minimum bid price of at least \$4 per share; and (iii) at least four registered

⁸ The Exchange notes that where the Public Distribution appreciably exceeds 500,000 shares for companies that are not banks whose securities are concentrated in a limited geographical area, or whose securities are largely held in block by institutional investors, the 800 Public Shareholders requirement would also apply.

⁹ For purposes of Closed-End Funds, the term “market value” shall mean the official closing price multiplied by the unit of account.

¹⁰ As provided in Rule 16.002(a)(15)[sic], the term “Market Maker” means a dealer that, with respect to a security, holds itself out (by entering quotations into the Exchange) as being willing to buy and sell such security for its own account on a regular and continuous basis and that is registered as such.

¹¹ The Exchange notes that where the Public Distribution appreciably exceeds 500,000 shares for companies that are not banks whose securities are concentrated in a limited geographical area, or whose securities are largely held in block by institutional investors, the 800 Public Shareholders requirement would also apply.

and active Market Makers. As noted above, these proposed quantitative initial listing requirements for Closed-End Funds are substantively identical to those of BZX.¹²

Interval Funds

The Exchange is also proposing to add Rule 16.316(b)(3) related to the initial listing requirements that apply to Interval Funds.¹³ Interval Funds are a type of Closed-End Fund that offer to repurchase shares of the fund at its net asset value on a periodic basis pursuant to the requirements of Rule 23c-3. Specifically, the Exchange is proposing that an Interval Fund may be listed on the Exchange where it: (i) meets the requirements applicable to Closed-End Funds under proposed Rule 16.316(b); and (ii) has a periodic interval at which it offers to repurchase its common stock equal to or less than three months. While Interval Funds are already eligible for listing under standard Closed-End Fund listing rules, the Exchange believes that adding these rules will both provide additional transparency and clarity under exchange rules about the listing of Interval Funds and also create a heightened standard for listing Interval Funds on exchange – rather than merely needing to comply with the requirements under Rule 23c-3 under the Investment Company Act of 1940, exchange-listed interval funds will be required to offer repurchase at net asset value at least every three months instead of having the flexibility to have a periodic interval for repurchase of three, six, or twelve months as provided in Rule 23c-3(a)(1).

Continued Listing

¹² See BZX Rule 14.8(e).

¹³ As provided in proposed Rule 16.316(a)(2), the term “Interval Fund” shall mean a Closed-End Fund that repurchases common stock of which it is the issuer pursuant to Rule 23c-3 of the Investment Company Act of 1940. The Exchange notes that this proposal is also intended to allow the listing of registered closed-end management investment companies that offer multiple classes of shares (i.e. an unlisted class and a listed class) and make periodic repurchase offers pursuant to Rule 23c-3 under the Investment Company Act of 1940.

Closed-End Funds

The Exchange will consider the suspension of trading in and will initiate delisting proceedings (and such Closed-End Fund will not be eligible to follow the cure procedures outlined in Rule 16.501) for a Closed-End Fund where: (a) the market value of the Public Distribution and net assets each are less than \$5,000,000 for more than 60 consecutive days; (b) the Closed-End Fund no longer qualifies as a closed-end fund under the Investment Company Act of 1940 (unless the resultant entity otherwise qualifies for listing); (c) the Public Distribution is less than 200,000; (d) the total number of Public Shareholders is less than 300; (e) the Public Distribution has a market value of less than \$1,000,000 for more than 90 consecutive days; (f) the bid price is less than \$1 per share; or (g) there are fewer than four registered and active Market Makers. Any failure to meet any of the continued listing requirements will subject the applicable Closed-End Fund to delisting proceedings in accordance with the provisions set forth in Rule 16.501 and, as noted above, any such Closed-End Fund will not be eligible to follow the cure procedures outlined in Rule 16.501 in order to regain compliance prior to delisting. The Exchange notes that these proposed quantitative continued listing requirements for Closed-End Funds are substantively identical to those of BZX.¹⁴

Interval Funds

Additionally, the Exchange will consider the suspension of trading in and will initiate delisting proceedings (and such Interval Fund will not be eligible to follow the cure procedures outlined in Rule 16.5010[sic]) for an Interval Fund where: (i) the Interval Fund no longer meets the continued listing requirements for a Closed-End Fund as enumerated in Rule 16.326(a); (ii)

¹⁴ See BZX Rule 14.8(i).

suspended or postponed repurchase offers persist in a manner inconsistent with Rule 23c-3 under the Investment Company Act of 1940; or (iii) the Interval Fund is otherwise not in compliance with the requirements of Rule 23c-3 under the Investment Company Act of 1940. While Interval Funds are already eligible for listing under standard Closed-End Fund listing rules, the Exchange believes that adding these continued listing rules will both provide additional transparency and clarity under exchange rules about the continued listing of Interval Funds.

Governance

Any Closed-End Funds listed on the Exchange will be subject to the governance requirements in Rule 16.400 applicable to all management investment companies listed on the Exchange, including Closed-End Funds, except as provided in the exceptions to certain governance requirements for management investment companies as provided under Rule 16.407(a)(5) and the associated Supplementary Material .04. The Exchange is not proposing to make any changes to these exceptions. Rule 16.408(a) provides that “Each company listing common stock or voting preferred stock, and their equivalents, shall hold an annual meeting of Shareholders no later than one (1) year after the end of the Company’s fiscal year-end, unless such Company is a limited partnership that meets the requirements of TXSE Rule 16.407(a)(4)(D).” Supplementary Material .01 to Rule 16.408 clearly states that Rule 16.408 is not applicable to a number of different types of securities that may be listed on the Exchange, including Derivative Securities.¹⁵ The Exchange is proposing to amend Supplementary Material

¹⁵ Under TXSE Rule 16.407(a)(6)(B), “Derivative Securities,” include the following: Exchange Traded Fund Shares (Rule 17.104), Portfolio Depository Receipts and Index Fund Shares (Rule 17.105); Equity Index-Linked Securities (Rule 17.110(k)(1)), Commodity-Linked Securities (Rule 17.110(k)(2)), Fixed Income Index-Linked Securities (Rule 17.110(k)(3)), Futures-Linked Securities (Rule 17.110(k)(4)), Multifactor Index-Linked Securities (Rule 17.110(k)(5)), Index-Linked Exchangeable Notes (Rule 17.111(a)), Equity Gold Shares (Rule 17.111(b)), Trust Certificates (Rule 17.111(c)), Commodity-Based Trust Shares (Rule 17.111(d)), Currency Trust Shares (Rule 17.111(e)), Commodity Index Trust Shares (Rule 17.111(f)),

.01 to Rule 16.408 in order to provide that Rule 16.408(a) would also not be applicable to Closed-End Funds. The Exchange notes that there is no existing regulatory obligation for Closed-End Funds to hold annual meetings (including in the Investment Company Act of 1940).

Closed-End Funds share the key feature that makes the annual shareholder meeting requirement inapplicable to Derivative Securities under Supplementary Material .01: they are exchange-listed securities whose value is tied to an underlying portfolio of holdings rather than to the performance of an operating company, and holders invest for exposure to that underlying portfolio rather than to supervise the affairs of an operating company through annual shareholder meetings. The parallel is even closer with Exchange Traded Fund Shares, Portfolio Depository Receipts, and Index Fund Shares, each a type of Derivative Security and, like a Closed-End Fund, a registered investment vehicle holding assets on behalf of shareholders, with governance comprehensively regulated under the Investment Company Act of 1940 rather than through the corporate governance model the annual meeting requirement contemplates. The Exchange believes that the strong similarities between Closed-End Funds and Derivative Securities, combined with the absence of any statutory mandate requiring Closed-End Funds to hold an annual shareholder meeting, support excluding Closed-End Funds from the Rule 16.408 annual meeting requirement.¹⁶ Applying the requirement to Closed-End Funds while not

Commodity Futures Trust Shares (Rule 17.111(g)), Partnership Units (Rule 17.111(h)), Managed Trust Securities (Rule 17.111(j)), SEEDS (Rule 17.115), Trust Issued Receipts (Rule 17.120), Managed Fund Shares (Rule 17.135) and Proxy Portfolio Shares (Rule 17.150). In addition to “Derivative Securities,” TXSE Rules specifically provide that “This requirement is not applicable to Companies whose only securities listed on TXSE are non-voting preferred securities, debt securities...or securities listed pursuant to TXSE Rule 17.130(a) and TXSE Rule 17.132 (such as Trust Preferred Securities and Contingent Value Rights), unless the listed security is a common stock or voting preferred stock equivalent (e.g., a callable common stock).”

¹⁶ Notwithstanding the foregoing, TXSE Rules would provide that if the issuer of a Closed-End Fund also lists common stock or voting preferred stock, or their equivalent, the Company must still hold an annual meeting for the holders of that common stock or voting preferred stock, or their equivalent.

applying it to similarly structured exchange-traded products would create an inconsistency in treatment for which the Exchange sees no supporting policy rationale.

Trading Rules

Closed-End Funds are equity securities, thus rendering trading in Closed-End Funds subject to the Exchange's existing rules governing the trading of equity securities. The Exchange will allow trading in Closed-End Funds from 8:00 a.m. until 5:00 p.m. Eastern Time and the Exchange has appropriate rules to facilitate such transactions during all trading sessions.¹⁷

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in a Closed-End Fund. The Exchange will halt trading in a Closed-End Fund under the conditions specified in Rule 11.020(h)[sic] and 11.021. Rule 16.207 also provides certain conditions under which the Exchange will halt trading in a Closed-End Fund for additional reasons, including for the dissemination of material news. Trading may also be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These include whether unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of Closed-End Funds on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of

¹⁷ The Exchange notes that this includes three trading sessions on the Exchange: the Pre-Market Session from 8:00 a.m. to 9:30 a.m. Eastern Time; Regular Trading Hours from 9:30 a.m. to 4:00 p.m. Eastern Time; and the Post-Market Session from 4:00 p.m. to 5:00 p.m. Eastern Time.

Closed-End Funds on the Exchange will be subject to the Exchange's surveillance procedures for ETPs and other equity securities traded on the Exchange.

Listing Fees

The Exchange plans to separately submit a proposal to amend Rule 16.600 related to listing fees in order to implement fees applicable to Closed-End Funds prior to this proposal becoming operational.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act¹⁸ in general and Section 6(b)(5) of the Act¹⁹ in particular in that 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that the proposed rules will facilitate the listing and trading of additional types of exchange-traded securities on the Exchange that will enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the listing and trading criteria set forth in the proposed rules are intended to protect investors and the public interest.

As noted above, the Exchange's proposed quantitative listing requirements related to Closed-End Funds for both initial and continued listing are substantively identical to those of BZX and, as such, the proposed rule change is consistent with the protection of investors and the public interest. Additionally, the proposal is designed to prevent fraudulent and manipulative

¹⁸ 15 U.S.C. 78f.

¹⁹ 15 U.S.C. 78f(b)(5).

acts and practices, as any Closed-End Funds listed on the Exchange will be required to meet these proposed new rules related to initial and continued listing and will be subject to existing Exchange trading rules, trading halts, governance, and surveillance procedures, as set forth above.

The Exchange also believes that its proposed initial and continued listing standards for Interval Funds are consistent with the Act because they are generally designed to memorialize the requirements for Interval Funds to list on an exchange rather than just listing on exchange under the Closed-End Fund rules. Further, the proposed rules related to Interval Funds would require that exchange-listed interval funds will be required to offer repurchase at net asset value at least every three months instead of having the flexibility to have a periodic interval for repurchase of three, six, or twelve months as provided in Rule 23c-3(a)(1) which will further protect investors and the public interest by reducing the likelihood of extended periods of trading below their net asset value than Interval Funds with longer repurchase periods. The Exchange notes that these proposed rules are designed to supplement the requirements for Interval Funds that already exist under the Investment Company Act of 1940.

The Exchange also believes that the existing governance requirements applicable to Closed-End Funds are consistent with the Act in that they are generally similar to those applicable to Closed-End Funds listed on BZX, except that the Exchange is proposing to add Closed-End Funds to the list of instruments that are not subject to the annual shareholder meeting requirement. The annual meeting requirement is generally intended to apply to operating companies. Closed-End Funds share the key feature that makes the annual shareholder meeting requirement inapplicable to Derivative Securities under Supplementary Material .01: they are exchange-listed securities whose value is tied to an underlying portfolio of holdings rather than

to the performance of an operating company, and holders invest for exposure to that underlying portfolio rather than to supervise the affairs of an operating company through annual shareholder meetings. The parallel is even closer with Exchange Traded Fund Shares, Portfolio Depository Receipts, and Index Fund Shares, each a type of Derivative Security and, like a Closed-End Fund, a registered investment vehicle holding assets on behalf of shareholders, with governance comprehensively regulated under the Investment Company Act of 1940 rather than through the corporate governance model the annual meeting requirement contemplates. The Exchange believes that the strong similarities between Closed-End Funds and Derivative Securities, combined with the absence of any statutory mandate requiring Closed-End Funds to hold an annual shareholder meeting, support excluding Closed-End Funds from the Rule 16.408 annual meeting requirement.²⁰ Applying the requirement to Closed-End Funds while not applying it to similarly structured exchange-traded products would create an inconsistency in treatment for which the Exchange sees no supporting policy rationale. For these reasons, the Exchange believes that Closed-End Funds are more appropriately treated in the same manner as Derivative Securities rather than as operating companies, and that excluding Closed-End Funds from the Exchange's annual meeting requirement is consistent with the Act.

The proposal is also designed to promote just and equitable principles of trade by way of the proposed initial and continued listing standards, which is further bolstered by the requirement that any failure to meet any of the continued listing requirements will subject the applicable Closed-End Fund to delisting proceedings in accordance with the provisions set forth in Rule 16.501. These requirements, together with the applicable Exchange equity trading rules (which

²⁰ Notwithstanding the foregoing, TXSE Rules would provide that if the issuer of a Closed-End Fund also lists common stock or voting preferred stock, or their equivalent, the Company must still hold an annual meeting for the holders of that common stock or voting preferred stock, or their equivalent.

will apply to Closed-End Funds listed under the proposed criteria) ensure that all investors will have the same access to trading in Closed-End Funds listed on the Exchange, as is the case for all other products listed and/or traded on the Exchange, all to the benefit of public customers and the marketplace as a whole.

On the whole, the proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional product type on the Exchange that will enhance competition among market participants, to the benefit of investors and the marketplace.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, as amended. Instead, the proposal is a competitive one which would facilitate the listing and trading of Closed-End Funds on the Exchange, which the Exchange believes will enhance competition among exchanges that list Closed-End Funds, which can benefit investors, issuers, and the marketplace generally.

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

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

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 such 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 proposal is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<https://www.sec.gov/rules/sro.shtml>);
or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-TXSE-2026-005 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-TXSE-2026-005. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information

that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-TXSE-2026-005 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

J. Matthew DeLesDernier,

Deputy Secretary.

²¹ 17 CFR 200.30-3(a)(12).