

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106262; File No. SR-TXSE-2026-025]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Permit the Exchange to Conduct Opening and Closing Auctions in UTP Securities Designated by the Exchange

September 2, 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 August 31, 2026, Texas Stock Exchange LLC (the “Exchange” or “TXSE”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II 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 is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend its rules to permit the Exchange to conduct its Opening Auction and its Closing Auction in UTP Securities designated by the Exchange in its discretion for the applicable auction. 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://www.txse.com/regulations/rules-filings>), and at the principal office of the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of 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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend Rules 11.006, 11.022, and 11.023 to permit the Exchange to conduct an Opening Auction at 9:30 a.m. ET and a Closing Auction at 4:00 p.m. ET in UTP securities³ designated by the Exchange in its discretion for the applicable auction. Current Exchange Rules provide that the Exchange will only conduct Opening and Closing Auctions in TXSE-Listed Securities⁴ and that non-TXSE Listed Securities will start trading on the Exchange subject to an Opening Process. The Exchange is making this proposed rule change in order to allow it to conduct auctions in certain UTP securities that are not currently listed on the Exchange. This proposal is substantially similar to the existing functionality of NYSE Arca, Inc. ("Arca"). The Exchange is not proposing to allow for IPO, Halt, or Volatility Closing Auctions in UTP securities.

³ As provided in Rule 1.005(o), the term "UTP security" "UTP security" is a security that is not listed on the Exchange but is traded on the Exchange pursuant to unlisted trading privileges.

⁴ See Rule 11.022(b)(2) and (c)(2).

Conducting Opening and Closing Auctions in Auction-Eligible Securities

The Exchange therefore proposes to amend Rule 11.022(b)(2) to provide that it will conduct an Opening Auction for all Auction-Eligible Securities⁵ and Rule 11.022(c)(2) to provide that it will conduct a Closing Auction for all Auction-Eligible Securities. A UTP security designated by the Exchange for the Opening Auction, the Closing Auction, or both would participate in the Exchange's existing scheduled auction or auctions for which it is designated, meaning at 9:30 a.m. ET for the Opening Auction and at 4:00 p.m. ET for the Closing Auction.⁶

Official Prices and Reference Prices

Under Rule 11.022(a)(5), the TXSE Official Opening Price is the price disseminated to the consolidated tape as the market center opening trade. Accordingly, under the proposal, if an Opening Auction in a designated UTP security results in an execution, the Opening Auction price would be the TXSE Official Opening Price for TXSE as a market center. With respect to a designate UTP security, that price would not displace or alter the official opening price established by the security's primary listing market.

Similarly, Rule 11.022(a)(3) defines the TXSE Official Closing Price as the price disseminated to the consolidated tape as the market center closing trade. The Exchange therefore proposes conforming changes to Rule 11.022(c)(2)(B) so that the Closing Auction price and existing closing-price fallbacks apply to each Auction-Eligible Security. A TXSE Official

⁵ As provided in proposed new Rule 11.022(a)(28), the term "Auction-Eligible Security" means all TXSE-Listed Securities and UTP securities designated by the Exchange for the applicable auction.

⁶ The proposal would not alter the times at which auction orders may be entered or cancelled, or the Exchange's dissemination of information related to the auctions and the Exchange's existing price collars, price-determination procedures, order-ranking and allocation rules, order types, handling of unexecuted interest, and transition to continuous trading would apply to a designated UTP security in the same manner as they apply to a TXSE-Listed Security. See TXSE Rule 11.022(b)(1) and (c)(1) and 11.022(b)(2)(A)–(C) and (c)(2)(A)–(C).

Closing Price established for a UTP security would be TXSE's market-center closing price and would not displace or alter the official closing price established by the primary listing market.

The Exchange also proposes to amend the definition of "Final Last Sale Eligible Trade" in Rule 11.022(a)(9) to account for Auction-Eligible Securities. If there is no qualifying trade for the current day, the prior trading day's TXSE Official Closing Price would continue to be used for a TXSE-Listed Security. For a UTP security, however, the official closing price disseminated by the primary listing market for the prior trading day would be used. This distinction follows the Arca approach of using a market-center auction close for a UTP security as its official closing price while using the primary listing market's official close for specified reference-price purposes.⁷

Auction-Eligible Securities

The Exchange proposes to add paragraph (a)(28) to Rule 11.022 to define an "Auction-Eligible Security," for purposes of the Opening Auction and Closing Auction, as all TXSE-Listed Securities and UTP securities designated by the Exchange for the applicable auction.⁸ The Exchange would provide reasonable advance notice to Members of the UTP securities designated for the Opening Auction, the Closing Auction, or both, and of additions to or

⁷ See Securities Exchange Act Release No. 78357 (July 19, 2016), 81 FR 48484, 48485–86 (July 25, 2016) (SR-NYSEArca-2016-94) (describing NYSE Arca's use of a market-center official closing price for an Auction-Eligible UTP security and the primary listing market's official closing price for specified reference-price purposes).

⁸ The proposed definition is based on the NYSE Arca auction framework, under which auction eligibility for auctions includes securities for which NYSE Arca is the primary listing market and UTP securities designated by NYSE Arca. See Securities Exchange Act Release No. 76869 (January 11, 2016), 81 FR 2276 (January 15, 2016) (SR-NYSEArca-2015-86) ("Arca Approval Order"); see also NYSE Arca Rule 7.35-E(a)(1).

removals from those designations, through a circular or other publicly available notice, consistent with the practice of NYSE Arca.⁹

Conforming Changes

Rule 11.006(o)(5) describes the Exchange processes included in the operation of a Regular Hours Only Order. The Exchange proposes to make conforming changes to the Rule so that it refers to the Opening Auction and Closing Auction for Auction-Eligible Securities, IPO/Halt Auctions for TXSE-Listed Securities, and the Rule 11.023 Opening Process for non-TXSE-Listed Securities that have not been designated for the Opening Auction.

The Exchange also proposes to amend Rule 11.023(a) to make clear that a non-TXSE-Listed Security that has not been designated as an Auction-Eligible Security for the Opening Auction would be subject to the Opening Process for Non-TXSE-Listed Securities provided in the Rule. In addition, the Exchange is proposing to change the title of Rule 11.023 to “Opening Process for Non-Auction Eligible Securities.

The Exchange is also proposing to make a conforming change to Rule 11.022(e) related to the Volatility Closing Auction in order to make clear that the Volatility Closing Auction would continue to only be available for TXSE-Listed Securities. In addition, Rule 11.022(g) already provides that the Exchange’s single-priced Opening Auction and Closing Auction transactions qualify for the exception from Rule 611 of Regulation NMS set forth in Rule 611(b)(3). That provision would apply to an Opening Auction or Closing Auction in a designated UTP security without a separate change to Rule 11.022(g).¹⁰

⁹ See Arca Approval Order, 81 FR at 2278 n.26 and 2288 (describing NYSE Arca’s representation that it would provide prior notice to ETP Holders if additional UTP securities were designated as Auction-Eligible Securities).

¹⁰ See TXSE Rule 11.022(g); 17 CFR 242.611(b)(3).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹¹ Specifically, the Exchange believes the proposed rule change is consistent with the objectives of Section 6(b)(5)¹² requirements that the rules of an exchange be 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the proposal would be consistent with the Act by allowing the Exchange to make its existing scheduled Opening Auction and Closing Auction processes available for designated UTP securities. Members would gain an additional venue for price discovery and single-price executions in those securities. Participation would remain voluntary, and all Members would have access to the same auction order types, information, pricing protections, and allocation procedures.

The proposal is designed to protect investors and the public interest because the Exchange would use the auction safeguards already contained in Rule 11.022. The proposal

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

would not alter the Exchange's auction collars, priority rules, or disseminated information. It also would preserve the primary listing market's official opening and closing prices and would use the primary listing market's prior official close for a UTP security when a prior-day reference price is required.

The Commission previously approved NYSE Arca's authority to designate UTP securities as Auction-Eligible Securities for specified auctions. In approving that authority, the Commission considered NYSE Arca's explanation that allowing the Exchange to conduct auctions in designated UTP securities could enhance market resiliency by providing an additional auction venue if a primary listing market or other market were unable to conduct an auction. The proposed rule change would permit the Exchange to apply its existing scheduled Opening Auction and Closing Auction processes to designated UTP securities which will enhance market resiliency, while preserving the primary listing market's official opening and closing prices.¹³

The Exchange believes that the proposal is also not unfairly discriminatory. All TXSE-Listed Securities would remain Auction-Eligible Securities. The Exchange would provide reasonable advance public notice of its UTP security designations and any changes to them.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the proposal would enhance intermarket competition by permitting the Exchange to offer scheduled auction functionality in designated UTP securities in a manner substantially similar to NYSE Arca. The proposal would not restrict the ability of any other exchange to

¹³ See NYSE Arca Rule 7.35-E(a)(1) and Arca Approval Order at 2283–84.

conduct an auction, would not require an issuer or Member to participate in a TXSE auction, and would not affect the primary listing market's authority to establish its official opening and closing prices.

The proposal would not impose an inappropriate burden on intramarket competition because the same eligibility, order-entry, pricing, priority, allocation, and execution rules would apply to all Members participating in an auction. The Exchange would announce the designated UTP securities and applicable auction types in advance so that all Members could prepare for and participate in the functionality on equal terms.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)¹⁴ of the Act and Rule 19b-4(f)(6)¹⁵ thereunder in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6). 17 CFR 240.19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii),¹⁶ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. The Exchange states that waiver of the operative delay would permit the Exchange to implement the functionality promptly, after providing reasonable advance notice of the designated securities, and to compete on equal terms with an exchange that already has substantially similar authority. For the foregoing reasons, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.¹⁷

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

IV. Solicitation of Comments

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

Electronic Comments:

¹⁶ 17 CFR 240.19b-4(f)(6)(iii).

¹⁷ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- 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-2026-025 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-2026-025. 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-2026-025 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.¹⁸

Sherry R. Haywood,

Assistant Secretary.

¹⁸ 17 CFR 200.30-3(a)(12), (59).