**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-106450; File No. SR-TXSE-2026-032]**

**Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the Processing of Orders During a Regulatory Halt and Certain Aspects of the Exchange's IPO Auctions, Halt Auctions, and Volatility Closing Auctions**

September 21, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on September 15, 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 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 Rules 11.020H and 11.022 to modify the processing of orders during a Regulatory Halt and certain aspects of the Exchange's IPO Auctions, Halt Auctions, and Volatility Closing Auctions, including the orders eligible to participate, the information disseminated during an auction, extensions of the Quote-Only Period, and auction-price selection. The text of the proposed rule change is available on the Commission's website

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

2 17 CFR 240.19b-4.

(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.

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 11.020H and 11.022 to update the manner in which the Exchange processes certain orders during a Regulatory Halt and conducts Halt Auctions and Volatility Closing Auctions.

**Order Processing During a Regulatory Halt**

First, the Exchange proposes to amend Rule 11.020H(b)(7)(A), which governs the processing of new and existing orders during a Regulatory Halt that will reopen with a Halt Auction. The Exchange is proposing to make several changes to Rule 11.020(H)(b)(7)(A)(i) through (vi), as further laid out below.

Rule 11.020H(b)(7)(A)(i) and (ii) currently provide that the Exchange will (i) cancel any unexecuted portion of Non-Displayed Limit Orders and orders with a Peg instruction (i.e., Midpoint Peg, Market Peg, Primary Peg, and Offset Peg, and excluding Market Maker Peg Orders) and (ii) maintain any unexecuted quantity of Market Orders. The Exchange is proposing to remove current paragraph (i) such that: (a) orders with a Peg instruction will not be cancelled and instead remain unexecutable on the TXSE Book[3] until the NBBO is available after the Halt Auction at which point the orders will be pegged as instructed; and (b) a Non-Displayed Limit Orders will not be cancelled and instead will remain on the TXSE Book and be eligible to participate in the auction. A User may cancel an order, including a Non-Displayed Limit Order and an order with a Peg instruction, at any point during the halt if they do not want their order to be treated as described above. The Exchange is proposing to remove current paragraph (ii) because Market Orders are only eligible to be entered as immediate-or-cancel orders on the Exchange, so the concept of an "unexecuted quantity of Market Orders" does not exist on the TXSE Book.

The Exchange is proposing to make similar changes to Rule 11.020H(b)(7)(A)(v). Currently, existing Rule 11.020H(b)(7)(A)(v) provides that the Exchange would reject incoming orders designated IOC, Non-Displayed Limit Orders, and Pegged Orders. Consistent with the change proposed above that would provide that the Exchange would not cancel Non-Displayed Orders and Pegged Orders, the Exchange is proposing to amend Rule 11.020H(b)(7)(A)(v) such that it would not reject Non-Displayed Limit Orders and Pegged Orders when entered during a Regulatory Halt. The Exchange would continue to reject orders designated as IOC.

The Exchange is also proposing to change proposed Rule 11.020H(b)(7)(A)(iv) (currently Rule 11.020H(b)(7)(A)(vi)). The Rule currently provides that the Exchange will accept all other incoming order instructions until the Auction for the Trading Halt Auction, at which point Rule 11.022(d) will govern the entry of incoming orders and order instructions. The Exchange is proposing to amend the Rule in order to make clear that the Exchange would accept other incoming order instructions only to the extent permitted under Rule 11.022(d), which

[3] As defined in Rule 1.005(ii) the term "TXSE Book" shall mean the System's electronic file of orders.

governs order entry for IPO and Halt Auctions, as opposed to the current rule text that implies that the Exchange will continue to accept all other order instructions up to the time that the Halt Auction occurs, even where such instructions contradict Rule 11.022(d).

The Exchange is not proposing to change the requirement to re-price resting orders in the Exchange Book to their limit price and would continue to permit Users to cancel orders during the Regulatory Halt.

**Orders Eligible for a Halt Auction**

Second, the Exchange proposes to amend the definition of Eligible Auction Order in Rule 11.022(a)(8).[4] The definition currently provides in part that any "limit or market order not designated to exclusively participate in the Opening Auction or Closing Auction entered during the Quote-Only Period of a Halt Auction" is an Eligible Auction Order. The Exchange is proposing to delete the words "or market" from the definition so that only limit orders, rather than both limit and market orders, may be entered during the Quote-Only Period for a Halt Auction. The proposal would provide a limited exception for MOO orders queued (i.e. received prior to 9:28am ET) before Regular Trading Hours when a Pre-Market Session halt continues through the start of Regular Trading Hours. Those queued MOO orders would be eligible to participate in the Halt Auction.[5]

**Halt and Volatility Closing Auction Information**

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4 As provided in Rule 11.022(a)(8), the term "Eligible Auction Order" shall mean any MOO, LOO, LOO.L, MOC, LOC or LOC.L order that is entered in compliance with its respective cutoff for an Opening Auction or Closing Auction, any RHO order prior to the Opening Auction, any limit or market order not designated to exclusively participate in the Closing Auction entered during the Quote-Only Period of an IPO Auction subject to the below restrictions, and any limit or market order not designated to exclusively participate in the Opening Auction or Closing Auction entered during the Quote-Only Period of a Halt Auction.

5 The Exchange notes that this functionality for MOO orders participating in a Halt Auction is substantively identical to the MOO functionality of Investors Exchange LLC ("IEX"). See IEX Rule 11.350(a)(25).

Third, the Exchange proposes to revise the information disseminated for a Halt Auction under Rule 11.022(d)(2)(A). Beginning with the Quote-Only Period and every five seconds thereafter, the Exchange would disseminate the applicable Halt Auction Collars, Lower Collar Auction Interest, and Upper Collar Auction Interest. Lower Collar Auction Interest would reflect Eligible Auction Order shares to buy and sell that are priced at or more aggressively than the lower Halt Auction Collar. Upper Collar Auction Interest would reflect Eligible Auction Order shares to buy and sell that are priced at or more aggressively than the upper Halt Auction Collar. The Exchange would no longer disseminate the Reference Price, Indicative Price, Auction Only Price, Halt Auction Reference Price, or the lesser of Reference Buy Shares and Reference Sell Shares for a Halt Auction. For a Volatility Closing Auction, the Exchange proposes to amend Rule 11.022(e)(2)(A) to disseminate the Halt Auction Collars, Lower Collar Auction Interest, and Upper Collar Auction Interest in place of the Reference Price, Indicative Price, Auction Only Price, and the lesser of Reference Buy Shares and Reference Sell Shares. The Exchange notes that both of these changes are very similar to the functionality associated with the Opening and Closing Auctions in which the Exchange disseminates the same data points except, in this instance, disseminating the Lower Collar Auction Interest and Upper Collar Auction Interest instead of the Lower Band Auction Interest and Upper Band Auction Interest.

**Extensions of the Quote-Only Period**

Fourth, based on the proposed changes above, market orders would not be eligible for a Halt Auction, and thus the Exchange proposes to amend Rule 11.022(d)(2)(C) in order to remove unmatched market orders as a condition that would extend the Quote-Only Period. The Exchange is also proposing to amend Rule 11.022(d)(2)(C) to eliminate the term Indicative Price and replace it with "the price at which the Halt Auction would occur." Consistent with other changes proposed herein, the Exchange is proposing this change to make its Rules more clear because it will not publish the Indicative Price. This proposed change does not change the Halt Auction functionality. The Quote-Only Period would continue to be extended when the Halt Auction would occur, before application of the Halt Auction Collars, outside the applicable collars.

**Halt and Volatility Closing Auction Price Selection**

Fifth, the Exchange proposes to amend Rule 11.022(d)(2)(E) to add a step to the price-selection process for IPO and Halt Auctions. After maximizing executable volume and minimizing total imbalance, the Exchange would select the entered price at which shares would remain unexecuted. If more than one price remains, the Exchange would then select the price closest to the issuing price for an IPO Auction or the Final Last Sale Eligible Trade for a Halt Auction. The Exchange also proposes to amend Rule 11.022(e)(2)(B) to add the entered price at which shares would remain unexecuted as a price-selection step after minimizing total imbalance and before selecting the price closest to the Final Last Sale Eligible Trade. The Exchange notes that this is substantively identical to the process for its Opening and Closing Auctions under Rules 11.022(b)(2)(B) and 11.022(c)(2)(B), respectively.

**Volatility Closing Auctions**

Sixth, the Exchange proposes several changes to the Volatility Closing Auction under Rule 11.022(e). The Exchange would remove references that limit the process to halts initiated under Rule 11.021, so that the Volatility Closing Auction provisions apply whenever a security is halted during the specified period before the close or a Halt Auction Quote-Only Period would otherwise extend beyond the applicable cutoff.

**Clean-Up Changes**

Finally, the Exchange is proposing to make certain clean-up changes to make the proposed rules more clear and understandable, including renumbering the sub-rules under Rule 11.020H(b)(7)(A) and deleting the word "other" from proposed Rule 11.020H(b)(7)(A)(i) (currently Rule 11.020H(b)(7)(A)(iii)) which currently reads "re-price all other resting orders in the Exchange Book to their limit price" because the Exchange is proposing to delete the currently preceding two paragraphs, so the word "other" is no longer necessary.

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.[6] Specifically, the Exchange believes the proposed rule change is consistent with the objectives of Section 6(b)(5)[7] 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.

**Order Processing During a Regulatory Halt**

The Exchange believes that the proposed changes to the processing of orders during a Regulatory Halt would provide for the consistent and predictable treatment of orders during a Regulatory Halt. The proposal would permit resting Non-Displayed Limit Orders to participate

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[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

in the Halt Auction and would allow orders with a Peg instruction to remain on the TXSE Book in an unexecutable state until the NBBO becomes available after the Halt Auction. It would also permit Non-Displayed Limit Orders and Pegged Orders to be entered during a halt. Users would continue to be able to cancel their orders during the halt. The proposal would also make clear that the Exchange will accept incoming order instructions only to the extent permitted under Rule 11.022(d). The Exchange believes that the proposed change would promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market, and protect investors and the public interest by providing for clear and consistent order handling during a Regulatory Halt. The proposed change makes clear to Users that the default behavior on the Exchange is to keep both Pegged Orders and Non-Displayed Limit Orders on the TXSE Book in the event of a Regulatory Halt. It further provides them with more flexibility for order handling – by leaving the orders on the TXSE Book, they have the option to leave their orders on the TXSE Book or to cancel the orders during the halt. As noted above, Pegged Orders will remain queued until the NBBO becomes available after the Halt Auction, which the Exchange believes is more consistent with the behavior that Users would expect of Pegged Orders than to cancel them, particularly Rule 11.007(c)(7) which provides that Pegged Orders continue to rest on the TXSE Book in an unexecutable state where there is no NBBO. Similarly, the Exchange believes that consistent treatment between Displayed Limit Orders and Non-Displayed Limit Orders (remaining on the TXSE Book and eligible to participate in the auction) is more in line with what Users would expect. Again, the Exchange notes that this behavior results in more User flexibility and such orders could be cancelled during the halt if a User prefers not to remain on the TXSE Book.

**Orders Eligible for a Halt Auction**

The Exchange believes that permitting only limit orders to be entered during the Quote-Only Period for a Halt Auction, which would require each order to include a specified maximum purchase price or minimum sale price, is consistent with the Act because it allows price discovery during a Halt Auction through the entry of aggressive limit orders while keeping halt auction order entry generally consistent with the treatment of Market Orders, which may only be entered as immediate-or-cancel rather than resting on the TXSE Book. The limited exception for MOO orders queued before Regular Trading Hours would allow previously entered opening interest to participate when a Pre-Market Session halt continues through the start of Regular Trading Hours, again, generally consistent with existing Exchange functionality. The Exchange believes that requiring orders entered during the Quote-Only Period to specify a limit price while preserving the treatment of previously queued MOO orders would promote fair and orderly Halt Auctions and thereby protect investors and the public interest by allowing price discovery during a Halt Auction through the entry of aggressive limit orders and the participation of MOO orders under limited circumstances while keeping functionality generally consistent with other Exchange functionality.

**Halt and Volatility Closing Auction Information**

The Exchange believes that the proposed changes to the information disseminated for Halt Auctions and Volatility Closing Auctions would provide Users with information regarding the applicable auction collars and the amount of eligible buy and sell interest priced at or more aggressively than each collar. This information would allow Users to assess the amount of eligible auction interest relative to the range within which the auction may occur. The proposed information would also be similar to the information disseminated for the Exchange's Opening and Closing Auctions,[8] modified to reflect the use of Halt Auction Collars. The Exchange believes that providing Users with information regarding the applicable collars and the eligible interest at those collars would promote transparency, remove impediments to and perfect the mechanism of a free and open market, and protect investors and the public interest by providing a deterministic, market-based solution to creating orderly auctions that ensures that participants have a view into the liquidity interest in the auction while mitigating volatility.

**Extensions of the Quote-Only Period**

The Exchange believes that removing unmatched market orders as a condition for extending the Quote-Only Period is appropriate because, based on the changes proposed herein, market orders generally would no longer be eligible for an intraday Halt Auction. Replacing the term "Indicative Price" with "the price at which the Halt Auction would occur" would make the Rule more clear because the Exchange will not publish an Indicative Price. This change would not modify the applicable extension condition. The Quote-Only Period would continue to be extended when the Halt Auction would occur, before application of the Halt Auction Collars, outside the applicable collars. The Exchange believes that removing an inapplicable extension condition and more accurately describing the price used to determine whether an extension is required is a conforming change that would make the Exchange's Rules clearer and more transparent, thereby removing impediments to and perfecting the mechanism of a free and open market.

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[8] See, Securities Exchange Act Release No. 105988 (July 24, 2026), 91 FR 47860 (July 29, 2026) (SR-TXSE-2026-006) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Certain Parts of Its Opening and Closing Auctions) (the "TXSE Auction Filing").

**Halt and Volatility Closing Auction Price Selection**

The Exchange believes that adding the entered price at which shares would remain unexecuted to the price-selection process for IPO, Halt, and Volatility Closing Auctions would provide for a clear and consistent method of selecting an auction price after executable volume has been maximized and total imbalance has been minimized. This price-selection step is substantively identical to the process used for the Exchange's Opening and Closing Auctions.[9] The Exchange believes that applying a clear and consistent price-selection process across the Exchange's auctions would promote just and equitable principles of trade, facilitate fair and orderly auctions, and protect investors and the public interest.

**Volatility Closing Auctions**

The Exchange believes that applying the Volatility Closing Auction provisions whenever a security is halted during the specified period before the close, or when the Quote-Only Period for a Halt Auction would otherwise extend beyond the applicable cutoff, would promote the fair and orderly closing of Exchange-listed securities under volatile market conditions. The proposal would provide for a consistent closing process without regard to the rule under which the applicable halt was initiated. The Exchange believes that providing for a consistent closing process when an Exchange-listed security cannot reopen before the applicable cutoff would remove impediments to and perfect the mechanism of a free and open market and protect investors and the public interest because it would provide for consistency and predictability around the market close where a halt is occurring, allowing market participants to know with certainty how the Exchange's closing process will occur.

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[9] See TXSE Auction Filing and TXSE Rules 11.022(b)(2)(B) and 11.022(c)(2)(B), respectively.

**Clean-Up Changes**

Finally, the Exchange believes that the proposed clean-up changes would make the Exchange's Rules more clear and understandable without changing their substantive operation. The Exchange believes that maintaining clear and internally consistent Rules would remove impediments to and perfect the mechanism of a free and open market and protect investors and the public interest.

For these reasons, the Exchange believes that the proposed rule change is consistent with 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 would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The proposed rule change is not intended to address competitive issues but rather to update the Exchange's processing of orders during a Regulatory Halt and the operation of its Halt and Volatility Closing Auctions. The proposed changes would apply equally to all Users, and the distinctions among eligible order instructions would be based on the characteristics of those instructions and their compatibility with the applicable auction process.

The proposal would not impose an undue burden on intermarket competition because it concerns the manner in which the Exchange conducts auctions in Exchange-listed securities. The proposal would not impose any restriction on the ability of other exchanges to compete for listings or order flow or to adopt their own auction functionality.

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)[10] of the Act and Rule 19b-4(f)(6)[11] 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.

Furthermore, Rule 19b-4(f)(6)(iii)[12] requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act[13] normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)[14] 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 requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Exchange states that the proposed rule change will provide for clear and predictable order handling during a Regulatory Halt. The Exchange further states that certain of the proposed changes are substantively identical or similar to functionality already applicable to the

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[10] 15 U.S.C. 78s(b)(3)(A)(iii).

[11] 17 CFR 240.19b-4(f)(6).

[12] 17 CFR 240.19b-4(f)(6)(iii).

[13] 17 CFR 240.19b-4(f)(6).

[14] 17 CFR 240.19b-4(f)(6)(iii).

Exchange's Opening and Closing Auctions,[15] and the proposed changes raise no new or novel issues. Therefore, the Commission believes that waiver of the operative delay would be 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.[16]

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 under Section 19(b)(2)(B) of the Act[17] to determine whether the proposed rule change should be approved or disapproved.

## IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-TXSE-2026-032 on the subject line.

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15 See Securities Exchange Act Release No. 81316 (August 4, 2017), 82 FR 37474 (August 10, 2017) (SR-IEX-2017-10) Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 2, Relating to Auctions in IEX-Listed Securities, Dissemination of Auction-Related Market Data, and Trading Halts and Pauses) (the "IEX Filing") and IEX Rule 11.350(a)(25). See also TXSE Auction Filing.

16 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).

17 15 U.S.C. 78s(b)(2)(B).

Paper Comments:

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

All submissions should refer to File Number SR-TXSE-2026-032. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (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-2026-032 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.*

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[18] 17 CFR 200.30-3(a)(12), (59).