**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-106969; File No. SR-TXSE-2026-051]**

**Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Exchange's Warrant Performance Incentive Program to Add Additional Incentives for Auction Participation**

November 23, 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 November 16, 2026, Texas Stock Exchange LLC (the "Exchange" or "TXSE") 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

The Exchange proposes to amend the Exchange's warrant performance incentive program (the "Rodeo Program" or the "Program")[3] to add additional incentives for auction participation. 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/reuglations/rules-filings)[sic], and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the

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

2 17 CFR 240.19b-4.

3 Securities Exchange Act Release No. 105090 (March 26, 2026), 91 FR 16044 (March 31, 2026) (SR-TXSE-2026-003) (the "Rodeo Program Release").

Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend the Program to specifically incentivize participation in the Exchange's Opening and Closing Auctions, as further described below. The Exchange previously adopted the Rodeo Program to provide Members[4] of the Exchange that submitted an initial prepayment fee (the "Prepayment Fee") with a ticket redeemable for warrants that provide the right to purchase equity in the Exchange's parent holding company, TXSE Group Inc. ("TXSE Group"). As described in the Rodeo Program Release, such warrants vest upon the achievement of certain liquidity volume thresholds on the Exchange. The Rodeo Program commenced on September 1, 2026, and runs for one year, concluding at the end of the business day on August 31, 2027 (the "Rodeo Period"), subject to Exchange notice.[5]

Under the initial application window, each Member of the Exchange was eligible to become a Participant[6] on a first-come first-served basis by submitting all required documentation

4 As defined in TXSE Rule 1.005(q), the term "Member" means any registered broker or dealer that has been admitted to membership in the Exchange. A Member has the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act.

5 The Exchange initially submitted the proposed rule change on November 2, 2026 (SR-TXSE-2026-047). On November 16, 2026, the Exchange withdrew that filing and submitted this proposal.

6 For purposes of this filing, "Participants" means Members participating in the Program and Sponsored Participants participating jointly with a Sponsoring Member as provided in the Rodeo Re-Opening Release.

for participation by May 1, 2026 and paying a $250,000 Prepayment Fee by May 15, 2026.[7] In order to be a Participant, a Member was required to: (i) be an approved Member of the Exchange in good standing;[8] (ii) be a registered broker-dealer pursuant to Section 15 of the Exchange Act; (iii) qualify as an "accredited investor" as that term is defined in Regulation D under the Securities Act of 1933; (iv) have executed all required documentation for participation in the Rodeo Program by May 1, 2026, i.e., the warrant agreement and confidentiality agreement; and (v) have tendered the Prepayment Fee no later than May 15, 2026. A Participant was issued a "ticket," which is redeemable in exchange for warrants representing 100,000 shares of TXSE Group Voting Common Stock ("TXSE Group Stock"),[9] a portion of which is eligible to vest at the end of each three-month period during the Rodeo Period (each, a "Measurement Period") based on the Participant's achievement of a specified percentage of Total Consolidated Volume[10] ("TCV") on the Exchange (the "Target Performance"). As provided in the Rodeo Program Release, the vesting requirements are as follows:[11]

| Measurement Period | Target Performance | Shares Available for Vesting |
|---|---|---|
| **1** | 0.025% TCV | 10,000 |

In the case of participation by a Sponsored Participant together with a Sponsoring Member, references to a Participant apply to the Sponsored Participant, except where the context specifically refers to the obligations or status of the Sponsoring Member.

7 The Exchange subsequently submitted a proposal to re-open the application window for the Program and to make the Program available to Sponsored Participants. See Securities Exchange Act Release No. 106044 (August 6, 2026), 91 FR 51756 (August 11, 2026) (SR-TXSE-2026-018) (the "Rodeo Re-Opening Release").

8 For purposes of the Program, the term "good standing" means that a Member is not delinquent with respect to Exchange fees or other charges and is not suspended or barred from being a Member.

9 Shares are subject to the Eighth Amended and Restated Stockholders' Agreement of TXSE Group Inc. as amended and of the Certificate of Formation of TXSE Group Inc.

10 As described in the Rodeo Program Release, "Total Consolidated Volume" or "TCV" is calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan during the applicable Measurement Period, subject to certain exclusions. See Rodeo Program Release at 16046.

11 See Rodeo Program Release at 16047.

| | | |
|---|---|---|
| (9/1/26 - 11/30/26) | | |
| **2** (12/1/26 - 2/26/27) | 0.05% TCV | 20,000 |
| **3** (3/1/27 - 5/31/27) | 0.075% TCV | 30,000 |
| **4** (6/1/27 - 8/31/27) | 0.125% TCV | 40,000 |

The warrants of Participants that achieve Target Performance for a Measurement Period will be assigned an exercise price through the Exercise Price Competition which is based on the Participant's Multiplier Adjusted Volume during the Measurement Period.[12] Participants that do not achieve the Target Performance but achieve at least 50% of the Target Performance are eligible for partial vesting, as described in the Rodeo Program Release.[13] The total number of tickets available under the Program was originally between three and 20 among all Participants and each Participant was eligible to receive up to three tickets, in each case subject to the Exchange's discretion to allocate tickets as described in the Rodeo Program Release.[14] As provided in the Rodeo Re-Opening Release, the Exchange previously made up to four additional tickets available to eligible Members and Sponsored Participants.[15]

For each Measurement Period, all Participants that meet the Target Performance for a ticket ("Fully Vesting Participants") will also be assigned the exercise price of their warrants based on the Participant's ranking in total adjusted volume ("Multiplier Adjusted Volume"),

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12 See Rodeo Program Release at 16047-16048.

13 See Rodeo Program Release at 16045.

14 Id.

15 See TXSE Rule 1.005(dd) (defining "Sponsored Participant").

calculated as total shares traded on the Exchange with certain types of transactions being subject to volume multipliers and thus counted as a multiple of the shares actually traded, as applicable, among other Fully Vesting Participants during that Measurement Period. The higher the rank of a Fully Vesting Participant's Multiplier Adjusted Volume, the lower their exercise price will be. Fully Vesting Participants will be assigned an exercise price for their warrants based on the Fully Vesting Participant's ranking in the Multiplier Adjusted Volume among all Fully Vesting Participants during a Measurement Period. Multiplier Adjusted Volume applies only to exercise price assignment and does not have any impact on vesting or the Target Performance for any Measurement Period.

**Multiplier Adjusted Volume**

In calculating each Fully Vesting Participant's Multiplier Adjusted Volume,[16] the volume multipliers are:

(i) Intraspread Multiplier: transactions for which the adding order added non-displayed liquidity and the execution occurs within the NBBO[17] are subject to a 2x multiplier;

(ii) Auction Multiplier: transactions in Opening Auctions[18] and Closing Auctions[19] for which the order is an Eligible Auction Order[20] in securities for which TXSE is the primary

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16 Multiplier Adjusted Volume is calculated as follows: ((number of shares in transactions that do not qualify for a multiplier) + (number of shares in transactions that qualify for Intraspread Multiplier x 2) + (number of shares in transactions eligible for the Auction Multiplier x 10) + (number of shares in transactions that qualify for the Add Displayed Volume Multiplier x 1.2) + (number of shares in transactions that qualify for the ELS Multiplier x 2)) / (number of tickets issued to the Fully Vesting Participant). Transactions may qualify for more than one multiplier except that a transaction that is eligible for the Auction Multiplier is not eligible for other multipliers. For example, a transaction that would qualify for the ELS Multiplier and the Intraspread Multiplier will receive both the ELS Multiplier of 2x and the Intraspread Multiplier of 2x.

17 As provided in Rule 1.005(r), the term "NBBO" means the national best bid or offer.

18 Opening Auction functionality is described in Rule 11.022(b).

19 Closing Auction functionality is described in Rule 11.022(c).

20 See TXSE Rule 11.022(a)(8) (defining "Eligible Auction Order").

listing market are subject to a 10x multiplier;

(iii) Add Displayed Volume Multiplier: transactions for which the order adds displayed liquidity to the Exchange are subject to a 1.2x multiplier; and

(iv) Enhanced Liquidity Symbol ("ELS") Multiplier: transactions in securities that are included in a list of securities which the Exchange believes could benefit from enhanced liquidity are subject to a 2x multiplier, including Liquidity Improvement Symbols and High-Volume Symbols (collectively "ELSM Securities"),[21] both defined below. The Exchange will apply several objective factors related to each security's trading characteristics and designate the securities that meet certain thresholds with respect to these factors as Liquidity Improvement Symbols[22] or High-Volume Symbols.[23]

As provided in the Rodeo ETP Release,[24] to be considered as Liquidity Improvement Symbols or High-Volume Symbols, a security must either satisfy TXSE's initial listing standards under Rule 16.310, which relate to the Exchange's listing requirements for common stock of domestic companies, or be an exchange traded product ("ETP").[25] In addition, all TXSE-listed corporate securities and ETPs, including both primary and dual-listings, are ELSM Securities, in

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21 The Exchange will publish the list of ELSM Securities on its website at least 15 calendar days prior to the start of the Rodeo Program Period. The Exchange will also publish the list of ELSM Securities for a new Measurement Period on its website at least 15 calendar days prior to the beginning of the Measurement Period. The Exchange does not generally expect to change the list of ELSM Securities within a Measurement Period, but where it does make changes within a Measurement Period (e.g. new listings on TXSE), it will post notice of any changes to its website along with an updated list of ELSM Securities at least one day prior to such changes going into effect.

22 The factors for Liquidity Improvement Symbols are average daily volume, off-exchange volume, auction dislocation, quoted and effective spreads, and whether a symbol trades on away markets more intraday than on their primary listing market.

23 The factors for determining High-Volume Symbols include trading volume, average spread, and whether a symbol trades on away markets more intraday than on their primary listing market.

24 See Securities Exchange Act Release No. 106181 (August 24, 2026), 91 FR 55374 (August 27, 2026) (SR-TXSE-2026-021) (the "Rodeo ETP Release").

25 For purposes of the Program, the term "ETP" means any security described in Chapter 17 of the Exchange's rulebook.

addition to the securities selected as Liquidity Improvement Symbols and High-Volume Symbols.

**Proposed Changes**

In light of its recent launch of corporate listings, the Exchange is proposing to introduce a new component to the Program that incentivizes connectivity and participation in the Exchange's Opening and Closing Auctions for TXSE primary-listed common stock. At a high level, the purpose of the proposal is to encourage Participants to engage more significantly with the Exchange's Opening and Closing Auction processes by providing meaningful economic opportunity for doing so. As such, the Exchange is proposing to add a total of an additional 116,000 shares to each warrant, all of which will be potentially allocated to existing Participants through the addition of a Performance Incentive and a Participation Incentive, as further described below. The Exchange proposes to add a pool of 115,000 shares to each warrant through an incentive designed to incentivize Participants to submit orders to the Exchange in TXSE primary-listed common stock when market conditions may be indicative of the Auction Book[26] diverging from the market (the "Performance Incentive", discussed *infra*).[27] The pool of 115,000 shares introduced under the Performance Incentive would be allocated amongst Participants based on executions occurring during the Opening and Closing Auctions during Measurement Periods 1 and 2. The Exchange proposes to add 46,000 shares in Measurement Period 1 and 69,000 shares in Measurement Period 2, for a total pool of 115,000 shares. The

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26 See TXSE Rule 11.022(a)(1) (defining "Auction Book").

27 The additional shares underlying each warrant do not represent a guaranteed allocation. Shares will vest only to the extent earned under the applicable incentive, with Performance Incentive shares allocated among Participants from the aggregate pool based on their respective Points. Both the Performance Incentive and the Participation Incentive will be available to all Participants, regardless of whether their warrants have otherwise vested under the Program. Shares vesting under either incentive will have an exercise price of $1.00 per share. Participants will not be required to make an additional payment or satisfy the Program's existing Target Performance requirements to be eligible to earn these additional shares.

remaining 1,000 shares per warrant are proposed to be added through an incentive designed to encourage Participants to submit orders designed to participate in either the Opening or Closing Auction in a minimum number of TXSE primary-listed common stock (the "Participation Incentive", discussed *infra*) during Measurement Period 2. The exercise price of the additional shares proposed to be added to each warrant under each of the Performance Incentive and Participation Incentive is $1.00. The Exchange is not proposing to make any additional changes to the Program and all calculations related to the Program will otherwise remain the same.

Performance Incentive

The Exchange is proposing to incentivize Participants to add liquidity in Opening and Closing Auctions where there are more sell shares than buy shares at the Lower Band[28] ("Lower Band Sell Excess") or more buy shares than sell shares at the Upper Band ("Upper Band Buy Excess" and, collectively with Lower Band Sell Excess, "Order Excess") in TXSE primary-listed common stock ("Eligible Securities").[29] The Participation Bands are designed to approximate a reasonable range for executions based on recent market activity and create a limit price boundary for orders entered in the last two minutes before both the Opening and Closing Auctions. Where there is Lower Band Sell Excess or Upper Band Buy Excess, it is potentially indicative of the Auction Book diverging from the market and there may be arbitrage opportunities available. Additional liquidity in these auctions may help bring auction prices into closer alignment with prevailing market prices.

Accordingly, the Exchange proposes to provide a Performance Incentive for participation

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28 See TXSE Rule 11.022(a)(20) (defining "Participation Bands," including the "Lower Band" and "Upper Band").

29 Because any sell shares counted at the Lower Band (meaning that they are priced equal to or more aggressively than the Lower Band) would by definition also be counted at the Upper Band and any buy shares counted at the Upper Band would also by definition be counted at the Lower Band, there cannot be a situation in which there is both Lower Band Sell Excess and Upper Band Buy Excess.

in Opening and Closing Auctions where there is Order Excess in the Exchange's first dissemination of Participation Bands and related auction interest at 9:28:00 a.m. for an Opening Auction or 3:58:00 p.m. for a Closing Auction (an "Order Excess Auction").[30] The Exchange is proposing to add 46,000 shares in Measurement Period 1 (with scoring starting on November 2, 2026) and 69,000 shares in Measurement Period 2. For each Order Excess Auction, Participants will be awarded Points for shares executed in that auction pursuant to their buy orders in the case of Lower Band Sell Excess or sell orders in the case of Upper Band Buy Excess, regardless of when the orders were entered, excluding Market-on-Open and Market-on-Close orders[31] and, for Opening Auctions, market orders with a Regular Hours Only ("RHO")[32] time-in-force instruction ("Qualifying Orders"). Shares executed pursuant to Qualifying Orders will be credited in price-time priority, based on each order's limit price, up to the amount of the Order Excess ("Point-Eligible Shares").[33] As an example, there is a Closing Auction in Security A with a Lower Band Sell Excess of 600 shares, the Lower Band is $24.00 from 3:58:00 until the auction occurs, the Upper Band is $26.00 from 3:58:00 until the auction occurs, and the following Qualifying Orders are entered:[34]

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30 For scoring purposes, the amount of the Order Excess will equal the excess of sell shares over buy shares at the Lower Band, or buy shares over sell shares at the Upper Band, as applicable, in that first dissemination. The proposal will not amend the existing Participant Band[sic] dissemination messages and Participants will be able to determine the existence, direction, and amount of Order Excess using information already contained within the dissemination messages.

31 See TXSE Rules 11.022(a)(17) and 11.022(a)(16) (defining "Market-On-Open" or "MOO" and "Market-On-Close" or "MOC," respectively).

32 See TXSE Rule 11.006(o)(5) (describing the Regular Hours Only ("RHO") time-in-force instruction).

33 Buy orders with higher limit prices and sell orders with lower limit prices will receive priority. Orders with the same limit price will be ranked by time priority in the applicable auction. Only shares actually executed in that auction may become Point-Eligible Shares.

34 For the order types and instructions used in the table below, see TXSE Rule 11.022(a)(11) (defining "Limit-On-Close-Late" or "LOC.L"); TXSE Rule 11.022(a)(13) (defining "Limit-On-Close" or "LOC"); TXSE Rule 11.006(o)(2) (describing the Day time-in-force instruction); and TXSE Rule 11.006(o)(6) (describing the System ("SYS") time-in-force instruction).

| Order | Participant | Order Type | Shares | Timestamp | Limit |
|---|---|---|---|---|---|
| 1 | Participant 1 | LOC Buy | 300 | 10:30:00 | $25.25 |
| 2 | Participant 2 | RHO Limit Buy | 100 | 3:30:00 | $25.50 |
| 3 | Participant 3 | LOC.L Buy | 200 | 3:58:05 | $26.50 |
| 4 | Participant 4 | DAY Buy | 100 | 3:59:15 | $25.25 |
| 5 | Participant 5 | SYS Buy | 100 | 3:59:30 | $25.40 |

For purposes of this example, all orders execute fully in the Closing Auction. All of these buy orders are Qualifying Orders because they execute in the Closing Auction and none is a Market-on-Open or Market-on-Close order. The priority of orders for scoring would be as such:

Order 3 (highest limit price);

Order 2 (second highest limit price);

Order 5 (third highest limit price);

Order 1 (tied Order 4 for fourth highest limit price but was entered earlier than Order 4); and

Order 4 (tied Order 1 for fourth highest limit price but entered later than Order 1).

As noted above, the Lower Band Sell Excess is 600 shares, which means that there are 600 shares that can be Point-Eligible Shares for the auction. Going through the priority list, Order 3 would have 200 Point-Eligible Shares, Order 2 would have 100 Point-Eligible Shares, Order 5 would have 100 Point-Eligible Shares, and Order 1 would only have 200 Point-Eligible Shares even though 300 shares executed in the auction because Orders 2, 3, and 5 collectively had 400 Point-Eligible Shares and there were only 200 Point-Eligible Shares remaining for the auction. Order 4 would not have any Point-Eligible Shares because all 600 available Point-

Eligible Shares have already been offset. The competition is dollar-weighted. Subject to the cap described below, each Participant's Points for an auction will equal its Point-Eligible Shares multiplied by the midpoint of the Participation Bands in the first dissemination described above ("Points").[35] In this example, that midpoint is $25.00, resulting in 2,500 Points for 100 Point-Eligible Shares and 5,000 Points for 200 Point-Eligible Shares.[36]

As an illustrative variation, if Orders 2 and 3 were not entered (the RHO Limit Buy order for 100 shares with a limit price of $25.50 and the LOC.L Buy order for 200 shares with a limit price of $26.50, respectively), Order 5 would have 100 Point-Eligible Shares, Order 1 would have 300 Point-Eligible Shares, and Order 4 would have 100 Point-Eligible Shares. A total of 500 Point-Eligible Shares (12,500 Points) would therefore be awarded in the auction out of a possible 600 Point-Eligible Shares (15,000 Points).

This scoring would occur for Participants across all Opening and Closing Auctions in Eligible Securities in which there was Order Excess. At the end of the applicable Measurement Period, the Exchange will total the Points that were available in all Order Excess Auctions ("Total Points Available") and the Points that were achieved by each Participant ("Participant's Points"). The Points available in each Order Excess Auction will equal the lesser of (i) the amount of the Order Excess multiplied by the midpoint of the Participation Bands, each determined from the first dissemination described above, or (ii) 4,000,000.[37] Total Points

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35 For purposes of calculating Points, the Exchange will not reduce a Participant's Point-Eligible Shares by netting against that Participant's orders on the same side of the Order Excess in the same auction. Participants remain subject to all applicable Exchange rules and federal securities laws, including prohibitions on wash trades and other manipulative activity. See Exchange Rule 12.002 (Fictitious Transactions).

36 The Exchange notes that there will be a cap of 4,000,000 points available in any single auction.

37 If the amount of the Order Excess multiplied by that midpoint exceeds 4,000,000, each Participant's Points for that auction will equal 4,000,000 multiplied by the ratio of that Participant's Point-Eligible Shares to the amount of the Order Excess. For example, if an auction has an Order Excess of 200,000 shares and an initial Participation Band midpoint of $25.00, its uncapped value would be 5,000,000 Points, but only 4,000,000 Points would be available. A Participant credited with 50,000 Point-Eligible Shares would earn

Available will include Points that no Participant earns. Each Participant's shares vesting under this component will equal: (Participant's Points / Total Points Available) × shares available for vesting under this component during the applicable Measurement Period. Points not earned by Participants will not be reallocated, and the shares attributable to those Points will not vest. If Total Points Available for a Measurement Period is zero, no shares will vest under the Performance Incentive for that Measurement Period.

To illustrate the vesting of a Participant's shares at the conclusion of a Measurement Period, consider the following example: There are 69,000 additional shares available in Measurement Period 2. Across every eligible auction in Measurement Period 2, there are 100,000,000 Total Points Available. Participants together earn 80,000,000 Points. Firm ABC earned 15,000,000 Points of the 80,000,000 Points during Measurement Period 2. The calculation to determine the total shares vested for Firm ABC is (69,000 x 15,000,000)/100,000,000 = 10,350 shares vested over Measurement Period 2.

Participation Incentive

The Exchange is also proposing to provide 1,000 shares per warrant to Participants that, during Measurement Period 2, submit at least one order[38] (excluding MOO and MOC orders and, for Opening Auctions, market RHO orders) after the first Participation Band message has been disseminated (9:28 a.m. for Opening Auctions and 3:58 p.m. for Closing Auctions) in an Order Excess Auction in each of at least five Eligible Securities that is a buy order in the case of Lower Band Sell Excess or a sell order in the case of Upper Band Buy Excess.[39] Execution of such

1,000,000 Points (4,000,000 × (50,000 / 200,000)). Any portion of the capped Points not earned by Participants will remain unearned.

38 The order can be an odd lot, round lot, or mixed lot.

39 Participants that possess multiple warrant would be eligible to earn an additional 1,000 shares per warrant.

orders is not required to earn the Participation Incentive. To count toward the Participation Incentive, an order must remain on the book and eligible to participate in the applicable Order Excess Auction until that auction occurs. The Exchange is proposing to offer the Participation Incentive in order to incentivize Participants to commit the resources necessary to receive and process the Exchange's auction information and to programmatically enter orders based on their intake and processing of such auction information. Given Participants' competing priorities and limited resources, particularly in light of the Exchange's nascent listing business, the Exchange believes that the Participation Incentive would encourage Participants to devote the time and resources necessary to integrate the Exchange's auction process into their order management systems.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[40] in general, and furthers the objectives of Section 6(b)(5) of the Act,[41] 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, to remove impediments to and perfect the mechanisms 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 requirement in Section 6(b)(5) of the Act[42] that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also

40 15 U.S.C. 78f(b).

41 15 U.S.C. 78f(b)(5).

42 15 U.S.C. 78f(b)(5).

believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[43] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes that adding the Performance Incentive and Participation Incentive is consistent with the Act for the same reasons that incentivizing participation in Opening and Closing Auctions through the Auction Multiplier is consistent with the Act as provided in the Rodeo Program Release. The proposed change would provide Participants an additional incentive to build new liquidity absorbing strategies based on when TXSE disseminates security specific Participation Band information, which the Exchange believes may promote price discovery, price improvement opportunities, and execution quality for investors. The proposed change would also create additional competition among Participants to provide qualifying liquidity during each Measurement Period. By providing additional incentives for orders on the opposite side of Order Excess, the Exchange seeks to encourage trading behavior that may improve auction market quality without changing the Program's existing Target Performance requirements or the manner in which Multiplier Adjusted Volume is used to assign exercise prices under the Exercise Price Competition. The Exchange believes it is appropriate to exclude Market-on-Open, Market-on-Close orders, and market RHO orders from the list of Qualifying Orders and limit the Qualifying Orders to limit orders because limit orders communicate a specified price at which a Participant is willing to trade, providing price-specific information that the Exchange seeks to encourage through both the Performance Incentive and the Participation Incentive. Accordingly, the Exchange believes that the proposed incentives would benefit investors, the Exchange, and the broader market.

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[43] 15 U.S.C. 78f(b)(4).

The Exchange believes that the proposed incentives are equitable and not unfairly discriminatory because all Participants may elect to participate or not to participate, and the additional shares would vest on the same terms and conditions, assuming Participants satisfy the applicable requirements described above. Each of the Performance and Participation Incentives are additive to the existing Rodeo program and do not require Participants to complete a separate enrollment or pay an additional fee. The requirements are objective and would apply uniformly to all Participants, regardless of whether their warrants otherwise vest under the Program. All Participants would have the same opportunity to earn additional vested shares through the specified auction activity, and all additional shares would have the same exercise price. The additional shares would be provided under the existing warrant structure and would vest based on satisfaction of the additional auction-related requirements. The proposal does not reduce existing vesting opportunities or change the existing Target Performance Requirements or Exercise Price Competition. Participation in the Performance Incentive and Participation Incentive is completely optional.

The Exchange believes that limiting eligibility for the additional incentives to existing Participants is reasonable, equitable, and not unfairly discriminatory because the incentives supplement the existing prepaid warrant arrangements under the Program. Participants paid the required Prepayment Fees and satisfied the applicable requirements to participate in those arrangements. The proposed incentives would provide an additional opportunity for those Participants to earn vested shares by supporting the Exchange's auctions as its corporate listings business develops. Eligibility for the additional incentives would therefore be tied to participation in the existing Program and the associated Prepayment Fee commitments. All Participants would be eligible to earn the additional shares under the same objective

requirements, regardless of whether their warrants otherwise vest under the Program.

The Exchange believes that the methodology used to calculate Points under the Performance Incentive is fair, reasonable, and not unfairly discriminatory because it is based on objective criteria designed to increase liquidity and participation in the Exchange's auctions. The Performance Incentive would reward Participants for executed orders on the opposite side of Order Excess, with credit allocated in price-time priority. Each Participant's allocation would be based on its Points rather than the number of tickets it holds. Dollar-weighting would account for differences in the value of liquidity provided in different Eligible Securities, while the 4,000,000-Point cap would limit the effect of an unusually large auction on allocations for a Measurement Period. These calculations would apply equally to all Participants. Further, shares attributable to Points that Participants do not earn would not vest or be reallocated.

The Exchange further believes that the Participation Incentive and the 1,000-share award per ticket are fair, reasonable, and not unfairly discriminatory because they are designed to encourage specific auction activity that the Exchange believes would benefit its market. The Exchange believes Eligible Securities would benefit from active participation and price discovery by Participants because the Auction Book would better reflect the prevailing state of the market. Any resulting increase in auction liquidity and improvement in price discovery and execution opportunities would benefit all market participants trading on the Exchange. As a new entrant to the competitive auction business operated by established primary listing markets, the Exchange recognizes the significant technological effort required by Participants to connect and integrate the Exchange's auction process into the order management systems of Participants. Thus, the Participation Incentive would encourage Participants to devote resources to receiving and processing auction information and submitting responsive orders. Requiring eligible orders

in at least five Eligible Securities would encourage participation across multiple securities, and requiring those orders to remain on the book and eligible for the applicable auction would provide additional auction liquidity. Execution would not be required because this incentive is directed at encouraging the operational integration and order submission necessary to support auction participation. The same requirements and per-ticket award would apply to all Participants.

The Exchange believes that the additional shares available under the proposed incentives and the $1.00 exercise price are reasonable because they are designed to provide a meaningful economic incentive for auction participation as the Exchange develops its corporate listings business. The proposal would limit the additional shares to an aggregate of 139,000, and those shares would vest only upon satisfaction of the applicable requirements. The Exchange believes that increased auction liquidity and participation when there is a significant imbalance leading up to the Opening and Closing Auctions would benefit all market participants by providing additional trading opportunities, enhanced price discovery, and more accurate prices, including for those market participants that do not participate in the Program.

As such, the Exchange believes that the Program, as amended by the proposed rule change, would promote the long-term interests of the Exchange by providing incentives designed to encourage market participants to contribute to the growth and success of the Exchange by actively providing liquidity in Opening and Closing Auctions in Eligible Securities.

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 Exchange

Act. The proposed rule change would provide Participants additional incentives to submit orders and provide liquidity in Opening and Closing Auctions in Eligible Securities.

The Exchange believes that the proposed rule change would enhance intramarket competition by providing Participants an additional incentive to compete to provide liquidity on the opposite side of Order Excess. The Performance Incentive would reward qualifying executions based on objective price-time priority and Points calculations that would apply uniformly to all Participants. Each Participant's allocation under the Performance Incentive would depend on its Points rather than the number of tickets it holds. The Participation Incentive would encourage Participants to develop the capabilities necessary to respond to auction information and submit eligible orders in multiple Eligible Securities, with the same requirements and per-ticket award applying to all Participants. Any resulting increase in auction liquidity and improvement in price discovery and execution opportunities would benefit market participants trading on the Exchange.

The Exchange also believes that any competitive burden on persons that do not participate in the Program is appropriate because the proposed incentives are designed to attract additional auction order flow to the Exchange, which would provide additional liquidity and enhance the quality of its market to the benefit of all market participants. The additional shares would vest only upon satisfaction of the applicable auction-related requirements. To the extent that the proposal achieves its intended purpose, market participants that do not participate in the Program would also benefit from the additional liquidity, trading opportunities, and enhanced price discovery in Eligible Securities. The Exchange believes that limiting the additional incentives to existing Participants is appropriate because the awards supplement the Program's existing prepaid warrant arrangements and are tied to the commitments made by Participants

under those arrangements. Although nonparticipants would not be eligible to earn the additional shares, they would remain eligible to participate in the Exchange's auctions, and any resulting improvement in auction liquidity and price discovery would benefit all market participants.

The Exchange further believes that the proposed rule change may enhance intermarket competition by enabling the Exchange to compete more effectively for auction order flow in its primary-listed securities. As a new exchange developing its corporate listings business, the Exchange seeks to encourage liquidity provision and improve market quality through the Program. The proposed rule change provides an additional incentive for Participants to direct qualifying auction order flow to the Exchange, while leaving market participants free to execute orders on other trading venues. Accordingly, the Exchange does not believe that the proposed rule change will impose any significant burden on competition.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[44] and Rule 19b-4(f)(2) thereunder,[45] because it establishes or changes a due, or fee. 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

44 15 U.S.C. 78s(b)(3)(A).

45 17 CFR 240.19b-4(f)(2).

shall institute proceedings to determine whether the proposed rule 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 e-mail to rule-comments@sec.gov. Please include SR-TXSE-2026-051 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-TXSE-2026-051. 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-2026-051 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.[46]

**Vanessa A. Countryman,**

*Secretary.*

[46] 17 CFR 200.30-3(a)(12).