



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102773; File No. 10-249]

Texas Stock Exchange LLC; Notice of Filing of Application, as Amended, for Registration as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934

April 4, 2025.

On January 31, 2025, Texas Stock Exchange LLC (“TXSE”) filed with the Securities and Exchange Commission (“Commission”) a Form 1 application under the Securities Exchange Act of 1934 (“Exchange Act”), seeking registration as a national securities exchange under Section 6 of the Exchange Act. On April 2, 2025, TXSE submitted Amendment No. 1 to its Form 1 application.¹ TXSE’s Form 1 application, as amended, provides detailed information on how it proposes to satisfy the requirements of the Exchange Act.

The Commission is publishing this notice to solicit comments on TXSE’s Form 1 application. The Commission will take any comments it receives into consideration in making its determination about whether to grant TXSE’s request to register as a national securities exchange. The Commission will grant the registration if it finds that the requirements of the Exchange Act and the rules and regulations thereunder with respect to TXSE are satisfied.²

With respect to governance, TXSE would be a subsidiary of its parent company, TXSE Group Inc. (“TXSE Group”), which would directly hold 100% of the equity of TXSE. In turn, TXSE Group would be owned by a group of investors that are party to a stockholders’ agreement (“Stockholders’ Agreement”). The Stockholders’ Agreement would provide a 40% cap on beneficial ownership of stock of TXSE Group by any person (alone or together with its related

¹ In Amendment No. 1, TXSE submitted updated portions of its Form 1 application, including Exhibits A-3 (Proposed First Amended and Restated Limited Liability Company Agreement of Texas Stock Exchange LLC), B-1 (Rules of TXSE), C (information regarding subsidiaries or affiliates), E (description of the proposed operation of the exchange), H (listing applications), J (list of officers, governors, members of all standing committees, or persons performing similar functions), and K (Shareholders owning 5% or more).

² 15 U.S.C. 78s(a).

persons) and would further cap beneficial ownership of TXSE Group by members of TXSE at 20%.³ The governing documents for TXSE can be found in Exhibit A to TXSE's Form 1 application, and a listing of the officers and directors of TXSE can be found in Exhibit J. The governing documents for TXSE Group, including the Stockholders' Agreement, can be found in Exhibit C to TXSE's Form 1 application.

With respect to its trading system, the Form 1 application provides that TXSE would operate a fully automated limit order book for orders to buy and sell securities with a continuous automated matching function. TXSE would execute orders in price/time priority, and would "rank equally priced trading interest within the System in time priority in the following order: (i) The portion of a Limit Order with a Displayed instruction; (ii) Limit Orders with a Non-Displayed instruction (including the Reserve Quantity of Limit Orders); and (iii) Orders with a Peg instruction, ranked in priority based upon the time such orders were initially received by the System."⁴ TXSE would not maintain a physical trading floor. Liquidity would be derived from orders to buy and orders to sell submitted to TXSE electronically by its registered broker-dealer members from remote locations. TXSE would have one class of membership open to registered broker-dealers, and also would allow members to register under TXSE rules as market makers on TXSE and be subject to certain specified requirements and obligations set forth in TXSE's proposed rules. According to TXSE, it "intends for its System to be relatively simple, without many of the complex order types or instructions available on other national securities exchanges."⁵

A more detailed description of the manner of operation of TXSE's proposed system can be found in Exhibit E to TXSE's Form 1 application. The proposed rulebook for the proposed

³ The proposed Fourth Amended and Restated Certificate of Incorporation of TXSE Group Inc. contains similar ownership limitations, and also provides that no member of a national securities exchange controlled by TXSE Group (alone or together with its related person) would be entitled to vote or cause the voting of more than 20% of the outstanding votes entitled to be cast on any matter.

⁴ Proposed TXSE Rule 11.008. Capitalized terms used but not defined herein have the meanings specified in Exhibit B-1.

⁵ Form 1, Exhibit E at 6.

exchange can be found in Exhibit B to TXSE's Form 1 application. A complete set of forms concerning membership and access can be found in Exhibit F to TXSE's Form 1 application.

TXSE's Form 1 application, including all of the Exhibits referenced above, is available online at www.sec.gov/rules/other.shtml as well as in the Commission's Public Reference Room. Interested persons are invited to submit written data, views, and arguments concerning TXSE's Form 1, including whether the application is consistent with the Exchange 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 10-249 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 number 10-249. 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/other.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to TXSE's Form 1 filed with the Commission, and all written communications relating to the application between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also 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 10-249 and should be submitted on or before [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Vanessa A. Countryman,

Secretary.

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⁶ 17 CFR 200.30-3(a)(71)(i).