



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105090; File No. SR-TXSE-2026-003]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Implement a Warrant Performance Incentive Program

March 26, 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 March 18, 2026, Texas Stock Exchange LLC (the “Exchange” or “TXSE”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Texas Stock Exchange LLC (the “Exchange”) filed a proposal to implement a warrant performance incentive program (the “Rodeo Program” or the “Program”).

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

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 implement the Rodeo Program to provide Members³ of the Exchange who submit an initial prepayment fee (“Prepayment Fee”) to the Exchange 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”). Such warrants will vest upon the achievement of certain liquidity volume thresholds on the Exchange. The Rodeo Program will commence on September 1, 2026 and run for one year, concluding at the end of the business day on August 31, 2027 (“Rodeo Period”), subject to Exchange notice.⁴ Members of the Exchange that participate in the Rodeo Program (“Participants”) that meet a certain liquidity volume threshold measured as the Participant’s shares transacted on TXSE expressed as a percentage of TCV, as defined below (the “Target Performance”), will also be subject to a further “jump ball” competition among one another in which the exercise price of their warrants will be assigned based on certain additional volume metrics (“Exercise Price Competition”), as further described below. The purpose of the Rodeo Program is to promote the long-term interests of the Exchange by providing incentives designed to encourage TXSE Members to contribute to the growth and success of the Exchange via actively providing liquidity on TXSE. Participants’ potential equity interest in TXSE Group will also help to align long-term incentives among the Participants, the

³ As defined in Rule 1.005(q), the term “Member” means any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act and which has been approved by the Exchange.

⁴ The Exchange may, in its sole discretion, delay the beginning of the Rodeo Period by issuing a circular to Participants notifying them of such delay at least two weeks in advance of September 1, 2026. Any such delay would push back the dates of the beginning and end of each of the Measurement Periods by the amount of the delay. Each Measurement Period would continue to be a three-month period and the Rodeo Period would remain a one-year period. The Exchange will not delay the beginning of the Rodeo Period by more than six months.

Exchange, and its parent company by providing Participants with the opportunity to share in the benefits of TXSE's increased enterprise value.

Each Member of the Exchange may become a Participant in the Rodeo Program by submitting all required documentation for participation in the Rodeo Program by May 1, 2026, and prepaying a \$250,000 Prepayment Fee in advance of May 15, 2026.⁵ Any such Participant will be issued a “ticket” indicating that the Participant has been accepted into the Rodeo Program and a ticket will be redeemable by Participants in exchange for warrants representing 100,000 shares of TXSE Group Voting Common Stock⁶ (“TXSE Group Stock”), a portion of which will be eligible to vest every three calendar months during the Rodeo Program Period (each such period a “Measurement Period”) based on the Target Performance on the Exchange, as described below. Participants that do not achieve the Target Performance but do achieve at least 50% of the Target Performance will be eligible for partial vesting, as further described below. The total number of tickets available is between 3 and 20 tickets among all Participants. If fewer than a total of three tickets would be issued, the Exchange will not operate the Rodeo Program and will return Prepayment Fees. Each Participant may receive up to three tickets. If fewer than 20 tickets are issued, any remaining tickets may be allocated at TXSE’s discretion to Participants seeking additional tickets (including allowing the Exchange to issue Participants more than three tickets). If there is demand for more than 20 tickets, TXSE may, in its sole discretion, either: (i) reduce allocations to Participants seeking multiple tickets; or (ii) increase the total number of tickets (and corresponding shares) available for allocation. Tickets and warrants will be non-transferable except to an affiliate of the Participant, subject to certain restrictions and conditions.

Upon making the Prepayment Fee, a Participant will be able to apply the Prepayment Fee to various fees on the Exchange, including connectivity fees, market data fees, and membership

⁵ While the Rodeo Program does not commence until September 1, 2026, the Prepayment Fee will immediately begin applying to any Rodeo Exchange Fees, as defined below.

⁶ “Voting Common Stock” is defined in Article FOURTH (a)(i) of the Sixth Amended and Restated Certificate of Incorporation of TXSE Group Inc. (“TXSE Group Col”).

fees (collectively, "Rodeo Exchange Fees").⁷ Any unused portion of the Prepayment Fees of a Participant that submitted a single Prepayment Fee expires 30 months after the beginning of Measurement Period 1, as defined below. The expiration date of any unused portion of the Prepayment Fees of a Participant that submitted more than one Prepayment Fee will be extended by 24 months per additional Prepayment Fee submitted (i.e., where a Participant submits two Prepayment Fees, the Prepayment Fees will expire after 54 months, where a Participant submits three Prepayment Fees, all three Prepayment Fees will expire after 78 months).

Participants' warrants will vest based upon achievement of Target Performance on the Exchange during each Measurement Period as follows: 10,000 shares of TXSE Group Stock per ticket for the Measurement Period from September 1, 2026 to November 30, 2026 ("Measurement Period 1"), 20,000 shares of TXSE Group Stock per ticket for the Measurement Period from December 1, 2026 to February 26, 2027 ("Measurement Period 2"), 30,000 shares of TXSE Group Stock per ticket for the Measurement Period from March 1, 2027 to May 31, 2027 ("Measurement Period 3"), and 40,000 shares of TXSE Group Stock per ticket for the Measurement Period from June 1, 2027 to August 31, 2027 ("Measurement Period 4"). Target Performance may be met by trading activity in any security available for trading on the Exchange. Where a Participant achieves between 50% and 74.99% of the Target Performance, 50% of the Participant's warrants allocable to that Measurement Period will vest. Where a Participant achieves between 75% and 99.99% of the Target Performance, 75% of the Participant's warrants allocable to that Measurement Period will vest.⁸ Only vested warrants are eligible to be exercised and un-vested warrants are not exercisable. The total equity ownership of TXSE Group Stock, including any purchased through the exercise of vested warrants, shall be

⁷ The Exchange notes that "Rodeo Exchange Fees" excludes transaction fees. As noted below, the Exchange expects that Participants will accumulate sufficient Rodeo Exchange Fees during the period before their Prepayment Fee expires and excluding transaction fees will allow the Exchange to generate revenue from trading activity and to have the Prepayment Fee apply more gradually over time.

⁸ Where a Participant's warrants only partially vest because they do not achieve 100% or more of the Target Performance, any such partially vested warrants are not eligible for the Exercise Price Competition and will have an exercise price of \$20.

subject to the ownership limitations of the Seventh Amended and Restated Stockholders' Agreement of TXSE Group Inc. as amended (the "TXSE Group Stockholders' Agreement") and of the Sixth Amended and Restated Certificate of Incorporation of TXSE Group Inc. as amended (the "TXSE Group Certificate of Incorporation").⁹

1. Requirements for Participation in the Rodeo Program

Participation in the Rodeo Program, which provides equity-like consideration in exchange for the provision of liquidity on the Exchange, is open to all TXSE Members. All TXSE Members may participate subject to their satisfaction of certain eligibility requirements, as described below. All applicants for participation in the Rodeo Program will be subject to the same eligibility criteria and all Participants will participate in the Rodeo Program on the same terms, conditions and restrictions.

To be eligible to be a Participant, an applicant must: (i) be an approved Member of the Exchange; (ii) be a registered broker-dealer pursuant to Section 15 of the Exchange Act;¹⁰ (iii) qualify as an "accredited investor" as defined in Regulation D under the Securities Act of 1933;¹¹ (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.

⁹ See, e.g., Section 14 of the TXSE Group Stockholders' Agreement, which states that "any Stockholder, either alone or together with its Related Persons (as defined in the Certificate of Incorporation), that is also a member of the Texas Stock Exchange (or its successor), may not beneficially own directly or indirectly shares of stock of the Company representing in the aggregate more than 20% of the then-outstanding shares of stock of the Company."; Article SEVENTH(b) of the TXSE Group Certificate of Incorporation, which states that "no Person, either alone or together with its Related Persons, shall be permitted at any time to beneficially own, directly or indirectly, shares of stock of the Corporation representing in the aggregate more than 40% of the then-outstanding shares of stock of the Corporation; and no Member, either alone or together with its Related Persons, may beneficially own, directly or indirectly, shares of stock of the Corporation representing in the aggregate more than 20% of the then-outstanding shares of stock of the Corporation."

¹⁰ 15 U.S.C. 78o.

¹¹ The purpose of this criterion relates to the ability of TXSE Group to sell securities (in this case, TXSE Group Stock) pursuant to an exemption from registration under the Securities Act of 1933. The definition of "accredited investor" under Rule 501(a)(1) of the Securities Act of 1933 includes any broker or dealer registered pursuant to Section 15 of the Act. As noted above, a Participant will be required to be registered as a broker or dealer pursuant to Section 15 of the Exchange Act. Therefore, all Participants will satisfy this criterion.

Once an eligible applicant for the Rodeo Program has executed all required documentation for participation in the Rodeo Program and met the requirements set forth above no later than May 1, 2026, and has paid the Prepayment Fee no later than May 15, 2026, the applicant would be accepted into the Rodeo Program as a Participant and issued a ticket.

2. Application of Prepayment Fee

The Exchange will apply the Prepayment Fee to Rodeo Exchange Fees automatically on the Participant's monthly fee invoice. The Exchange will apply the Prepayment Fee to a Participant's Rodeo Exchange Fees regardless of whether the Participant achieves Target Performances or where the Participant finishes in the Exercise Price Competition.¹² Once a Participant has incurred Rodeo Exchange Fees whereby the total accumulated Rodeo Exchange Fees are equal to \$250,000 multiplied by the number of Prepayment Fees submitted, all subsequently incurred Rodeo Exchange Fees will be billed and collected at the appropriate rates as defined in the TXSE Fee Schedule.

3. Measurement Periods – Shares Available, Target Performance, Vesting

Assuming that the full 20 tickets are issued, the Exchange will issue warrants representing 2,000,000 shares of TXSE Group Stock, which represent 6% of the fully diluted outstanding shares of TXSE Group Stock. Warrants received by Participants when they join the Rodeo Program vest at the end of the relevant Measurement Period. Where a Participant meets the Target Performance for the applicable Measurement Period, 100% of the Participant's warrants for that Measurement Period will vest. Where a Participant achieves between 50% and 74.99% of the Target Performance for the applicable Measurement Period, 50% of the Participant's warrants allocable to that Measurement Period will vest. Where a Participant achieves between 75% and 99.99% of the Target Performance for the applicable Measurement

¹² With prior notice to the Exchange, a Participant may apply the Prepayment Fee to Rodeo Exchange Fees for other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's form BD).

Period, 75% of the Participant's warrants allocable to that Measurement Period will vest.¹³

When the warrants vest for a Measurement Period, Participants will have the right to exercise the warrants to purchase a certain amount of TXSE Group Stock for that Measurement Period. As noted above, each ticket held by a Participant is tied to warrants equal to 100,000 shares of TXSE Group Stock. The Target Performance for Participants will be based on achieving a set percentage of Total Consolidated Volume¹⁴ ("TCV") on TXSE during the applicable Measurement Period, as further described below. The Target Performance for any Participant must be achieved on a per ticket basis, meaning that where the Target Performance for a given measurement period is 0.025%, a Participant with two tickets has a total Target Performance for that Measurement Period of 0.05% to fully vest for both tickets. Where that Participant achieves 0.03% TCV on TXSE, that Participant would have achieved the Target Performance for one ticket for the Measurement Period. Where a Participant has three tickets in the same Measurement Period, that Participant's total Target Performance would be 0.075% of TCV on TXSE. Where that Participant achieves 0.07% TCV, that Participant would have achieved the Target Performance for two tickets for the Measurement Period.¹⁵

a. Measurement Period 1 - September 1, 2026 through November 30, 2026

If 20 tickets are issued and each Participant meets the Target Performance for each ticket, Participants' warrants would collectively vest 200,000 shares of TXSE Group Stock (each ticket has the opportunity to vest 10,000 shares of TXSE Group Stock) during Measurement Period 1,

¹³ Where a Participant's warrants only partially vest because they do not achieve 100% or more of the Target Performance, any such partially vested warrants are not eligible for the Exercise Price Competition and will have an exercise price of \$20.

¹⁴ Total Consolidated Volume is calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan during the applicable Measurement Period excluding volume on days with a scheduled early market close, on the fourth Friday in June, and on the second Friday in December.

¹⁵ In this instance, the Participant would have achieved the full 0.025% for the first two tickets and 0.02% for the third ticket. Tickets 1 and 2 would be fully vested and would be eligible for the Exercise Price Competition described below. The third ticket would be eligible for 75% partial vesting ($0.02 \text{ TCV} / 0.025 \text{ Target Performance} = 75\%$) but would receive a \$20 exercise price and would not be eligible for the Exercise Price Competition.

which would represent 0.6% of the fully diluted outstanding shares of TXSE Group Stock. The Target Performance for any Participant during Measurement Period 1 is 0.025% of TCV on TXSE during the Measurement Period. Thus, if a Participant achieves the Target Performance during Measurement Period 1, the Participant's full allotment of unvested warrants for that period will vest.

b. Measurement Period 2 - December 1, 2026 through February 26, 2027

If 20 tickets are issued and each Participant meets the Target Performance for each ticket, Participants' warrants would collectively vest 400,000 shares of TXSE Group Stock (each ticket has the opportunity to vest 20,000 shares of TXSE Group Stock) during Measurement Period 2, which would represent 1.2% of the fully diluted outstanding shares of TXSE Group Stock. The Target Performance for any Participant during Measurement Period 2 is 0.050% of TCV on TXSE during the Measurement Period. Thus, if a Participant achieves the Target Performance during Measurement Period 2, the Participant's full allotment of unvested warrants for that period will vest.

c. Measurement Period 3 - March 1, 2027 through May 31, 2027

If 20 tickets are issued and each Participant meets the Target Performance for each ticket, Participants' warrants would collectively vest 600,000 shares of TXSE Group Stock (each ticket has the opportunity to vest 30,000 shares of TXSE Group Stock) during Measurement Period 3, which would represent 1.8% of the fully diluted outstanding shares of TXSE Group Stock. The Target Performance for any Participant during Measurement Period 3 is 0.075% of TCV on TXSE during the Measurement Period. Thus, if a Participant achieves the Target Performance during Measurement Period 3, the Participant's full allotment of unvested warrants for that period will vest.

d. Measurement Period 4 – June 1, 2027 through August 31, 2027

If 20 tickets are issued and each Participant meets the Target Performance for each ticket, Participants' warrants would collectively vest 800,000 shares of TXSE Group Stock (each ticket

has the opportunity to vest 40,000 shares of TXSE Group Stock) of TXSE Group Stock during Measurement Period 4, which would represent 2.4% of the fully diluted outstanding shares of TXSE Group Stock. The Target Performance for any Participant during Measurement Period 4 is 0.125% of TCV on TXSE during the Measurement Period. Thus, if a Participant achieves the Target Performance during Measurement Period 4, the Participant's full allotment of unvested warrants for that period will vest.

e. Vesting

Where a Participant meets the Target Performance¹⁶ for a particular Measurement Period, the warrants applicable to the number of shares of TXSE Group Stock available during that Measurement Period will vest. Where a Participant meets the Target Performance for the applicable Measurement Period, 100% of the Participant's warrants for that Measurement Period will vest. Where a Participant achieves between 50% and 74.99% of the Target Performance for the applicable Measurement Period, 50% of the Participant's warrants allocable to that Measurement Period will vest. Where a Participant achieves between 75% and 99.99% of the Target Performance for the applicable Measurement Period, 75% of the Participant's warrants allocable to that Measurement Period will vest. Where a Participant's warrants only partially vest because they do not achieve 100% or more of the Target Performance, any such partially vested warrants are not eligible for the Exercise Price Competition and will have an exercise price of \$20. If a Participant does not achieve at least 50% of the Target Performance for a particular Measurement Period, those warrants will not vest and there will not be a later opportunity for them to vest.

Measurement Period	Target Performance	Shares Available for Vesting
1 (9/1/26 - 11/30/26)	0.025% TCV	10,000
2 (12/1/26 - 2/26/27)	0.05% TCV	20,000

¹⁶ With prior notice to the Exchange, a Participant may aggregate volume for purposes of calculating percentage of TCV and Multiplier Adjusted Volume, as defined below, with other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's form BD).

3 (3/1/27 - 5/31/27)	0.075% TCV	30,000
4 (6/1/27 - 8/31/27)	0.125% TCV	40,000

As an example, a Participant that meets the Target Performance for Measurement Periods 1 and 3 and 55% of the Target Performance for Measurement Period 4 would have 60,000 shares of TXSE Group Stock vest ($10,000 + 30,000 + (40,000 * .5)$) with 10,000 vesting on December 1, 2026, 30,000 shares vesting on June 1, 2027, and 20,000 shares vesting on September 1, 2027. A Participant that meets the Target Performance for all Measurement Periods would have 100,000 shares of TXSE Group Stock vest ($10,000 + 20,000 + 30,000 + 40,000$) with 10,000 vesting on December 1, 2026, 20,000 vesting on March 1, 2027, 30,000 vesting on June 1, 2027, and 40,000 vesting on September 1, 2027.

4. Exercise Price Competition

a. Multiplier Adjusted Volume

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”), 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.¹⁷ 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.

¹⁷ Warrants that partially vest based on failure to achieve Target Performance are not eligible for exercise price reduction.

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

- (i) Intraspread Multiplier: transactions for which the adding order added non-displayed liquidity and the execution occurs within the NBBO¹⁸ are subject to a 2x multiplier;
- (ii) Auction Multiplier: transactions in Opening Auctions¹⁹ and Closing Auctions²⁰ for which the order is an Eligible Auction Order²¹ in securities for which TXSE is the primary 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.

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

¹⁸ As provided in Rule 1.005(r), the term "NBBO" means the national best bid or offer.

¹⁹ Opening Auction functionality is described in Rule 11.022(b).

²⁰ Closing Auction functionality is described in Rule 11.022(c).

²¹ As provided in Rule 11.022(a)(8), the term "Eligible Auction Order" means any MOO, LOO, LLOO, MOC, LOC or LLOC order (each as defined below) that is entered in compliance with its respective cutoff for an Opening Auction (as defined below) or Closing Auction (as defined below), 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 (as defined below) 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 (as defined below).

Intraspread Multiplier will receive both the ELS Multiplier of 2x and the Intraspread Multiplier of 2x, as further explained in the example below.

The use of the Multiplier Adjusted Volume competition for calculating exercise price, including the inclusion of the four multipliers, is designed to create competition among Participants to increase the number of shares traded on the Exchange during each Measurement Period by creating an economic incentive for specific behavior that the Exchange believes would be beneficial to its market in addition to the Target Performance. The Intraspread Multiplier is designed to incentivize additional liquidity within the NBBO to provide better executions for incoming orders. The Auction Multiplier is designed to incentivize liquidity and participation in TXSE Opening and Closing Auctions as the Exchange stands up its listing business. The larger 10x multiplier for Opening and Closing Auction transactions is intended to make auction volume more impactful to the Multiplier Adjusted Volume calculation in order to promote enhanced liquidity in auctions on the Exchange. The Add Displayed Volume Multiplier is designed to generally incentivize Participants to add liquidity on the Exchange, enhancing the depth of liquidity on the TXSE book.

The ELS Multiplier is designed to incentivize: (i) tighter spreads, price improvement opportunities, and executions in a set of symbols that the Exchange believes could benefit from tighter spreads and price improvement opportunities and deeper liquidity (“Liquidity Improvement Symbols”); and (ii) additional liquidity to better compete for order flow in symbols that are generally high-volume symbols that have an average spread of greater than \$0.01 and/or trade on away markets more intraday than on their primary listing market (“High-Volume Symbols”). 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 or High-Volume Symbols. To be considered as Liquidity Improvement Symbols or High-Volume Symbols, a security must satisfy TXSE’s

initial listing standards.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. 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. The goal in creating these lists is to identify securities in which tighter spreads and price improvement opportunities and increased transaction volume would be impactful to investors, the Exchange, and the broader market, as well as securities that have higher trading volume but could still benefit from increased liquidity. For High-Volume Securities, the Exchange will include 175 symbols that will be included as securities eligible for the ELS Multiplier (“ELSM Securities”) based on their rank within the High-Volume Securities screener using the factors described above. For Liquidity Improvement Symbols, the Exchange would screen the universe of remaining securities based on the factors described above and select 175 securities that will be included as ELSM Securities. The Exchange notes that it plans to offer listings for corporate securities in the near future and the ELS Multiplier will help the Exchange demonstrate proficiency and commitment to enhancing market quality in securities that the Exchange believes could or should have tighter spreads and deeper quotes which could help the Exchange compete as a primary listing venue in addition to the above stated benefits to investors, the Exchange, and the broader market. All TXSE-listed corporate securities will also be ELSM Securities (including both primary and dual-listings) in addition to the universe of securities selected as ELSM Securities described above. The Exchange also notes that the methodology for establishing ELSM Securities is analogous to that used in comparable programs designed to enhance market quality on other exchanges.²³

²² See Rule 16.310.

²³ See, e.g., Securities Exchange Act Release Nos. 98472 (September 21, 2023), FR 88 66533 (September 27, 2023) (SR-PEARL-2023-45); 103131 (May 27, 2025), 90 FR 23397 (June 2, 2025) (SR-IEX-2025-07); and 103517 (July 22, 2025), 90 FR 35325 (July 25, 2025) (SR-LTSE-2025-16).

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.

As an example, assume a Fully Vesting Participant has traded 2,000,000 shares on TXSE that qualify for only the Intraspread Multiplier, 1,000,000 that qualify for only the Auction Multiplier, 2,000,000 that qualify for only the Add Displayed Volume Multiplier, and 1,000,000 that qualify for only the ELS Multiplier. 500,000 shares qualify for both Intraspread Multiplier and ELS Multiplier (and are excluded from the 2,000,000 and 1,000,000 counts above, respectively). 250,000 shares qualify for both Add Displayed Volume Multiplier and ELS Multiplier (and are excluded from the 2,000,000 and 1,000,000 counts above, respectively). 5,000,000 shares did not qualify for a multiplier.

Transaction Type	Volume
No multiplier	5,000,000
Intraspread Multiplier	2,000,000
Auction Multiplier	1,000,000
Add Displayed Volume Multiplier	2,000,000
ELS Multiplier	1,000,000
Intraspread and ELS	500,000
Add Displayed and ELS	250,000

Because transactions that qualify for more than one multiplier receive both multipliers, the transactions eligible for both Intraspread and ELS Multipliers are eligible for both multipliers will be subject to a 4x multiplier and the transactions eligible for Add Displayed and ELS Multipliers will be subject to a 3.2x multiplier.

Transaction Type	Volume	Multiplier	Multiplier Adjusted Volume
No multiplier	5,000,000	1x	5,000,000
Intraspread Multiplier	2,000,000	2x	4,000,000
Auction Multiplier	1,000,000	10x	10,000,000
Add Displayed Volume Multiplier	2,000,000	1.2x	2,400,000
ELS Multiplier	1,000,000	2x	2,000,000
Intraspread and ELS	500,000	4x	2,000,000
Add Displayed and ELS	250,000	3.2x	800,000
Total	11,750,000		26,200,000

In this instance, where the Fully Vesting Participant's raw volume on TXSE during the Measurement Period was 11,750,000 shares, its Multiplier Adjusted Volume would be 26,200,000 after applying the appropriate multipliers. Because Multiplier Adjusted Volume is calculated on a firm-wide basis, this is the Fully Vesting Participant's Multiplier Adjusted Volume for all fully vested warrants regardless of how many tickets they have.

b. Exercise price Assignment

To determine the Exercise price Assigned to a Fully Vesting Participant's warrants for a given Measurement Period, the Exchange will rank all Fully Vesting Participants by their Multiplier Adjusted Volume. Each Fully Vesting Participant's exercise price for a Measurement Period will be assigned as follows:

Multiplier Adjusted Volume Rank	Exercise Price
1	\$1
2	\$3
3	\$5
4	\$7
5	\$9
6	\$11
7	\$13
8	\$15
9	\$17
All others	\$20

This exercise price chart will apply for all Measurement Periods. The Multiplier Adjusted Volume Rank is applied at the firm level (e.g., where the first place Fully Vesting Participant has multiple tickets that fully vest, all of those tickets would have an exercise price of \$1 and the second place Fully Vesting Participant would have an exercise price of \$3). The applicable

exercise price will apply for all of the Fully Vesting Participant's warrants for that Measurement Period. If multiple Fully Vesting Participants have the same Multiplier Adjusted Volume, those Fully Vesting Participants will receive the lower exercise price (e.g. where three Fully Vesting Participants all tie for third place, all three will receive the third-place exercise price and the Fully Vesting Participant with the next highest Multiplier Adjusted Volume will receive the sixth-place exercise price).

5. Exercising Vested Warrants

Each vested warrant shall be exercisable until seven years from the date of issuance. Vested warrants may be exercised when a Participant pays the exercise price of the warrant either through the payment of cash or pursuant to a cashless exercise feature. Warrants have not been registered under the Securities Act of 1933. The TXSE Group Stock is subject to transfer restrictions set forth in Section 3 of the TXSE Group Stockholders' Agreement.

6. Purpose of the Rodeo Program

All applicants will be subject to the same eligibility and designation criteria, and all Participants will participate in the Rodeo Program on the same terms, conditions and restrictions. To be eligible to be a Participant, an applicant must: (i) be an approved Member of the Exchange; (ii) be a registered broker-dealer pursuant to Section 15 of the Exchange Act; (iii) qualify as an "accredited investor" as 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, including the subscription agreement and confidentiality agreement; and (v) have tendered the Prepayment Fee no later than May 15, 2026. Participants may be, but are not required to be, current investors in TXSE Group, and the Exchange anticipates both current and potential new investors participating in the Rodeo Program.

As discussed above, the purpose of the Rodeo Program is to encourage Participants to direct order flow to the Exchange to enhance trading volume and market quality on the Exchange. Increased volume will provide for greater liquidity and enhanced price discovery,

which benefits all market participants. Other exchanges have previously engaged in the practice of incentivizing increased order flow in order to attract liquidity providers through equity sharing arrangements.²⁴ The Rodeo Program similarly intends to attract increased order flow through the Target Performance and further to incentivize certain more specific trading activity through the Exercise Price Competition, the combination of which will provide greater trading opportunities, tighter spreads, and deeper liquidity for other market participants and cause a corresponding increase in order flow from these other market participants. The Rodeo Program will similarly reward the liquidity providers that provide additional volume and better align long-term incentives by providing a potential proprietary interest in TXSE Group.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,²⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁶ 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 Act²⁷ that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also

²⁴ See, e.g., Securities Exchange Act Release Nos. 62358 (June 22, 2010), 75 FR 37861 (June 30, 2010) (SR-NSX-2010-06); 64742 (June 24, 2011), 76 FR 38436 (June 30, 2011) (SR-NYSEAmex-2011-18); 69200 (March 21, 2013), 78 FR 18657 (March 27, 2013) (SR-CBOE-2013-031); 74095 (January 20, 2015), 80 FR 4011 (January 26, 2015) (SR-MIAX-2015-02); 74114 (January 22, 2015), 80 FR 4611 (January 28, 2015) (SR-BOX-2015-03); 74576 (March 25, 2015), 80 FR 17122 (March 31, 2015) (SR-BOX-2015-16); 80909 (June 12, 2017), 82 FR 27743 (June 16, 2017) (SR-MIAX-2017-28); 83012 (April 9, 2018), 83 FR 16163 (April 13, 2018) (SR-PEARL-2018-08); 89730 (September 1, 2020), 85 FR 55530 (September 8, 2020) (SR-PEARL-2020-10); 100247 (May 30, 2024), 89 FR 48203 (June 5, 2024) (SR-MEMX-2024-21); 103210 (June 9, 2025), 90 FR 25107 (June 13, 2025) (SR-MEMX-2025-14); and 104018 (September 23, 2025), 90 FR 46437 (September 26, 2025) (SR-24X-2025-04).

²⁵ 15 U.S.C. 78f(b).

²⁶ 15 U.S.C. 78f(b)(5).

²⁷ 15 U.S.C. 78f(b)(5).

believes the proposed rule change is consistent with Section 6(b)(4) of the Act,²⁸ 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 the proposed Rodeo is equitable and not unfairly discriminatory, because all Participants may elect to participate (or elect not to participate) and warrants vest on the same terms and conditions, assuming they satisfy the eligibility criteria as described above. The eligibility criteria are objective; thus, all Participants have the ability to satisfy the eligibility criteria to obtain a “ticket” for participation. Any Participant that becomes a ticket holder and pays the Prepayment Fee and otherwise satisfies the eligibility criteria has the same opportunity for their warrants to vest through volume contributions. The Exchange believes that excluding transaction fees from the Rodeo Program Exchange Fees is fair, reasonable and not unfairly discriminatory because the Exchange expects that Participants will accumulate sufficient Rodeo Exchange Fees during the period before their Prepayment Fee expires and excluding transaction fees will allow the Exchange to generate revenue from trading activity and to have the Prepayment Fee apply more gradually over time. The Exchange believes that the cap of three tickets per Member is equitable and not unfairly discriminatory because it applies equally to all Members and provides a cap on any single entity’s potential ownership stake in TXSE Group. The Exchange also believes that the cap of 20 tickets for the Rodeo Program is equitable and not unfairly discriminatory because it provides a cap on the amount of equity in TXSE Group available for the Rodeo Program. As described above, if there is Member interest in purchasing more than a total of 20 tickets, the Exchange has flexibility in how to allocate existing or additional tickets to Members. The volume performance requirements are the same for all Participants, and all Participants have the same opportunity to earn vested warrants on a proportional basis based upon meeting fixed volume threshold amounts during the Measurement

²⁸ 15 U.S.C. 78f(b)(4).

Periods that will apply to all Participants. This ensures that all Participants will have the same opportunity to earn vested warrants and to exercise those warrants to purchase TXSE Group Stock if they so choose. As noted above, Participants may be, but are not required to be, current investors in TXSE Group, and the Exchange anticipates both current and potential new investors to participate in the Rodeo Program. The total equity ownership of TXSE Group Stock, including any purchased through the exercise of vested warrants, shall be subject to the ownership limitations of the TXSE Group Stockholders' Agreement and the TXSE Group Certificate of Incorporation.²⁹

The Exchange believes that the methodology used to calculate the volume thresholds is fair, reasonable and not unfairly discriminatory because it is based on objective criteria that are designed to increase trading volume on the Exchange. The Rodeo Program is designed to reward Participants for directing order flow to the Exchange as a percentage of overall market volume, which is intended to help establish the Exchange as a destination for order flow while it builds its market share.

The Exchange believes that the Exercise Price Competition is consistent with the Act and is fair, reasonable and not unfairly discriminatory because the factors that go into the Multiplier Adjust Volume calculation are objective and designed to create competition among Participants to increase the number of shares traded on the Exchange during each Measurement Period by creating an economic incentive for specific behavior that the Exchange believes would be beneficial to its market in addition to the Target Performance by providing an opportunity for a

²⁹ See, e.g., Section 14 of the TXSE Group Stockholders' Agreement, which states that "any Stockholder, either alone or together with its Related Persons (as defined in the Certificate of Incorporation), that is also a member of the Texas Stock Exchange (or its successor), may not beneficially own directly or indirectly shares of stock of the Company representing in the aggregate more than 20% of the then-outstanding shares of stock of the Company."; Article SEVENTH(b) of the TXSE Group Certificate of Incorporation, which states that "no Person, either alone or together with its Related Persons, shall be permitted at any time to beneficially own, directly or indirectly, shares of stock of the Corporation representing in the aggregate more than 40% of the then-outstanding shares of stock of the Corporation; and no Member, either alone or together with its Related Persons, may beneficially own, directly or indirectly, shares of stock of the Corporation representing in the aggregate more than 20% of the then-outstanding shares of stock of the Corporation."

lower exercise price on a Participant's warrants. The Exchange further believes that the specific multiples assigned to the volume multipliers are fair, reasonable and not unfairly discriminatory because they are designed to attract specific order flow to the Exchange and the Exchange has proposed multipliers that align with the benefits provided to all participants on the Exchange. The Auction Multiplier and the 10x multiple associated therewith is designed to incentivize liquidity and participation in TXSE Opening and Closing Auctions to the benefit of all participants in auctions on the Exchange and the 10x multiplier is intended to make sure that auction volume is properly incentivized as the Exchange starts its ETP and corporate listings business. The Intraspread Multiplier (2x) is designed to incentivize additional liquidity within the NBBO to provide better executions for incoming orders which will benefit all participants on the Exchange, which the Exchange views as particularly important to attract additional flow seeking potential price improvement. The Add Displayed Volume Multiplier (1.2x) is designed to generally incentivize Participants to add liquidity on the Exchange, enhancing the depth of liquidity on the TXSE book, to the benefit of all participants on the Exchange.

The ELS Multiplier is designed to incentivize: (i) tighter spreads, price improvement opportunities, and executions in Liquidity Improvement Symbols; and (ii) additional liquidity to better compete for order flow in High-Volume Symbols. 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 or High-Volume Symbols. To be considered as Liquidity Improvement Symbols or High-Volume Symbols, a security must satisfy TXSE's initial listing standards.³⁰ The factors for Liquidity Improvement Symbols include 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. The factors for determining High-Volume Symbols include

³⁰ See Rule 16.310.

trading volume, average spread, and whether a symbol trades on away markets more intraday than on their primary listing market. The goal in creating these lists is to identify securities in which tighter spreads and price improvement opportunities and increased transaction volume would be impactful to investors, the Exchange, and the broader market, as well as securities that have higher trading volume but could still benefit from increased liquidity. For High-Volume Securities, the Exchange will designate 175 symbols as ELSM Securities based on their rank within the High-Volume Securities screener using the factors described above. For Liquidity Improvement Symbols, the Exchange would screen the universe of remaining securities based on the factors described above and select 175 securities that will be included as ELSM Securities. The Exchange notes that it plans to offer listings for corporate securities in the near future and the ELS Multiplier will help the Exchange demonstrate proficiency and commitment to enhancing market quality in securities that the Exchange believes could or should have tighter spreads and deeper quotes which could help the Exchange compete as a primary listing venue in addition to the above stated benefits to investors, the Exchange, and the broader market. All TXSE-listed corporate securities will also be ELSM Securities (including both primary and dual-listings) in addition to the universe of securities selected as ELSM Securities described above. The Exchange also notes that the methodology for establishing ELSM Securities is analogous to that used in comparable programs designed to enhance market quality on other exchanges.³¹

The Exchange believes that allowing more than one multiplier to apply for transactions that qualify for more than one multiplier except for the Auction Multiplier is reasonable, fair and equitable because these multipliers are designed to incentivize particular activity on the Exchange. The Exchange particularly wants to incentivize transactions that offer liquidity within the NBBO, in ELSM Securities, and more generally add liquidity to the Exchange because, as stated above, there are significant benefits to all Exchange participants where liquidity exists at

³¹ See, e.g., Securities Exchange Act Release Nos. 98472 (September 21, 2023), FR 88 66533 (September 27, 2023) (SR-PEARL-2023-45); 103131 (May 27, 2025), 90 FR 23397 (June 2, 2025) (SR-IEX-2025-07); and 103517 (July 22, 2025), 90 FR 35325 (July 25, 2025) (SR-LTSE-2025-16).

price levels within the NBBO and the Exchange is particularly interested in incentivizing tighter spreads and price improvement opportunities in symbols that it has identified as being impactful to investors, the Exchange, and the broader market. The Exchange is not proposing to apply more than one multiplier for the Auction Multiplier because it is already 10x and applies only to Eligible Auction Orders.

The Exchange believes the Rodeo Program is equitable and reasonable because an increase in volume and liquidity would benefit all market participants by providing more trading opportunities and tighter spreads, even to those market participants that do not participate in the Rodeo Program. Additionally, the Exchange believes the proposed rule change is consistent with the Act because, as described above, the Rodeo Program is designed to bring greater volume and liquidity to the Exchange, which will benefit all market participants by providing tighter quoting and better prices, all of which perfects the mechanism for a free and open market and national market system.

(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 Exchange believes that the proposed rule change will improve competition by providing market participants with an incentive and the opportunity to execute orders and post liquidity on the Exchange's market.

The Exchange believes that the proposed rule change would increase both intermarket and intramarket competition by incentivizing Participants to direct their orders to the Exchange, which will enhance the quality of quoting and increase the volume of securities traded on the Exchange. To the extent that there is an additional competitive burden on non-Participants, the Exchange believes that this is appropriate because the Rodeo Program should incentivize Participants to direct additional order flow to the Exchange and thus provide additional liquidity that enhances the quality of its market and increases the volume of securities traded on the

Exchange. To the extent that this purpose is achieved, the Exchange believes that all of the Exchange's market participants would benefit from the improved market liquidity. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange.

Given the robust competition for volume among equities markets, implementing a program to attract order flow like the one proposed in this filing is consistent with the above-mentioned goals of the Exchange Act. This is especially true for newer exchange markets, such as TXSE, which are competing for volume with much larger, established exchanges that dominate the equities trading industry. As a new exchange, TXSE will likely have a nominal percentage of the average daily trading volume in equities in the near term, so it is unlikely that the Rodeo Program could cause any competitive harm to the equities market or to market participants. Rather, the Rodeo Program is a modest attempt to attract order volume away from larger competitors by adopting an innovative pricing strategy. The Exchange notes that if the Rodeo Program results in a modest percentage increase in the average daily trading volume on the Exchange, while such percentage would represent a large volume increase for TXSE, it would represent a minimal reduction in the volume of its larger competitors in the industry. The Exchange believes that the Rodeo Program will help further competition, because market participants will have an additional option in determining where to execute orders and post liquidity if they factor the benefits of TXSE equity participation into the determination.

(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 Act³² and Rule 19b-4(f)(2)³³ thereunder. 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:

- 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-2026-003 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-2026-003. 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.

³² 15 U.S.C. 78s(b)(3)(A).

³³ 17 CFR 240.19b-4(f)(2).

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-2026-003 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.³⁴

Sherry R. Haywood,

Assistant Secretary.

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