



**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-106505; File No. SR-TXSE-2026-030]**

**Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Listing Fees for Exchange Traded Products and Performance Standards and Daily Stipends Paid by the Exchange for Its Lead Market Maker Program**

September 28, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 14, 2026, Texas Stock Exchange LLC (“Exchange” or “TXSE”) filed with the Securities and Exchange Commission a proposed rule change to adopt listing fees for exchange traded products and performance standards and daily stipends paid by the Exchange for the lead market maker program (“LMM Program”) on the Exchange.

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

The Exchange is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to adopt listing fees for exchange traded products and performance standards and daily stipends paid by the Exchange for the LMM Program on the Exchange. The text of the proposed rule change is available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>) at the Exchange’s website (<https://www.txse.com/regulations/rules-filings>), and at the principal office of the Exchange.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

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

1. Purpose

As further described below, the Exchange is proposing to: (i) adopt three fee tiers for exchange-traded products listed on the Exchange pursuant to Chapter 17 of the Exchange’s rulebook (“ETPs”); (ii) adopt three tiers of Lead Market Maker (“LMM”) Minimum Performance Standards;<sup>3</sup> and (iii) adopt stipends to be paid by the Exchange directly to LMMs that satisfy the Minimum Performance Standards.

Background

The U.S. ETP market has grown significantly over the past 20 years, with nearly 5,000 ETPs now listed and over 1,000 launched in 2025 alone.<sup>4</sup> Lower costs and streamlined regulatory processes have produced a wave of innovative ETPs offering investors reduced expense ratios and access to strategies and asset classes once out of reach, including defined outcome strategies, crypto, and private markets exposure. The advent of Class ETF Shares within Dual Share Class Funds<sup>5</sup> will bring another wave as existing mutual funds list ETF share classes on exchange,

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<sup>3</sup> “Minimum Performance Standards” means the quoting standards applicable to LMMs for each of the tiers outlined below and in the proposed Fee Schedule.

<sup>4</sup> See J.P. Morgan Asset Management, *2025 in Review: An ETF Hat Trick*, J.P. Morgan Asset Management, <https://am.jpmorgan.com/us/en/asset-management/adv/insights/etf-insights/2025-in-review-an-etf-hat-trick/> (reporting that, in the U.S. market, over 1,000 new ETFs launched in 2025); and Jose Paulo Tolentino, *U.S. ETF Summary: December and Full Year 2025 Results*, FactSet (Jan. 8, 2026), <https://insight.factset.com/u.s.-etf-summary-december-and-full-year-2025-results> (reporting that U.S. ETF assets under management reached \$13.5 trillion at year-end 2025 and that 1,167 new funds launched in 2025).

<sup>5</sup> See Investment Company Act Release No. 35786 (Nov. 17, 2025) (In the Matter of DFA Investment Dimensions Group Inc., Dimensional Investment Group Inc., Dimensional ETF Trust and Dimensional Fund Advisors LP) (File No. 812-15484).

extending tax benefits and intraday liquidity to their investors.

But product innovation has outpaced the market structure meant to support it. The common thread across these new product categories is that they are harder and more costly for liquidity providers to make markets in. Many Class ETF Shares may initially trade infrequently as they come to market, yet still require market makers to hold inventory and quote continuously so investors receive quality executions when they transact. Defined outcome strategies launch in quarterly or monthly series, each requiring its own dedicated liquidity provision. ETPs holding private market assets carry fundamentally different liquidity profiles than traditional ETP holdings. Making tight, two-sided markets in a private credit ETP, for example, is significantly more costly than doing so for an S&P 500 fund. Quality liquidity in these products cannot be expected without sufficient compensation to liquidity providers.

The economics of ETP listings for exchange listing markets, however, have moved in the opposite direction. ETP listing venues have been in a race to zero on listing fees for years. The three largest, Nasdaq, Cboe BZX, and NYSE Arca, charge low annual fees<sup>6</sup> and, as such, provide liquidity programs that generally do not cover a market maker's expenses for many ETPs, including inventory cost, hedging cost, and cost of capital. As noted above, different ETPs and their underlying holdings have different costs associated with liquidity provision. Current exchange pricing relies on a small number of large, high-volume ETPs that are more profitable for listing exchanges and market makers in order to subsidize the economics of the rest. Those products have generally reached a level of sufficient natural trading volume and liquidity and thus require less liquidity support; they also generate enough revenue for the listing exchange through auction revenue and outside trading volume on the listing market to effectively cover the cost of a much larger population of smaller ETPs whose listing fees barely offset the cost of the liquidity program payouts they require.

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<sup>6</sup> For example, the other exchanges charge the following annual fees for listing a series of Exchange-Traded Fund Shares, which make up the vast majority of ETPs listed in the U.S.: Nasdaq - \$4,000; BZX - \$4,000-\$9,000; and Arca - \$8,500 - \$30,000.

This model may have worked when the ETP market was smaller and more homogeneous, but it is no longer sustainable. It incentivizes a "throw spaghetti at the wall" approach to listings: a high volume of cheaply listed products with minimal liquidity support, brought to market on the hope that some grow into profitable products. Many do not. Many new ETPs trade infrequently, suffer from poor liquidity, and liquidate shortly after launch.<sup>7</sup> Liquidity providers in many ETPs are asked to make markets at compensation well below cost. Issuers increasingly struggle to secure a lead market maker, and some products now launch without one. Investors in these products bear the ultimate cost in the form of wider spreads, worse executions, and failed funds.

The volume of new products and low listing and liquidity provision fees, combined with the need for consistent, quality liquidity across all asset classes and trading levels, has created a scarcity of liquidity and market maker attention. Layered on top of continued growth in ETP launches, the result is a looming liquidity crisis for the industry and its investors. Solving it requires aligning incentives across the ecosystem. Exchange listing fees should more transparently reflect the true cost of bringing a quality product to market and provide more flexible liquidity programs to compensate market makers commensurate with the costs associated with making a market in a particular ETP, ensuring sufficient liquidity and quality markets for investors.

### Proposed Changes

With this background in mind, the Exchange is proposing a new tiered ETP listing and LMM Program in which it would: (i) adopt three fee tiers for ETPs; (ii) adopt three tiers of Minimum Performance Standards associated with those listing tiers, each additional tier having

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<sup>7</sup> The average life span of an ETF liquidated in 2026 has fallen to one year and nine months compared to three years and six months in 2025 and four years and eight months in 2024. See Katie Greifeld, *Average ETF Lifespan Collapses With Wall Street Antsy for Scale*, Bloomberg (Apr. 2, 2026), <https://www.bloomberg.com/news/articles/2026-04-02/average-etf-lifespan-collapses-with-wall-street-antsy-for-scale> (reporting Bloomberg Intelligence research by analysts Eric Balchunas and Andre Yapp finding that the average lifespan of an ETF liquidated in 2026 has fallen over prior years).

higher market quality requirements than the prior; and (iii) adopt stipends to be paid by the Exchange directly to LMMs that meet the Minimum Performance Standards (“Daily Stipends”).

### Listing Fee Tiers

The Exchange is proposing to add Rule 17.180 to establish three tiers for ETP listings: the Signature Tier, priced at \$100,000 annually; the Premier Tier, priced at \$55,000 annually; and the Core Tier, priced at \$10,000 annually.<sup>8</sup> The issuer of an ETP may select whichever tier it believes is most appropriate for a particular ETP. The selection of a listing tier applies only for the current year, and an issuer may select a different listing tier for the following year based on what it believes is most appropriate for the ETP at that time.

### Minimum Performance Standards Tiers

The Exchange is proposing three corresponding tiers of Minimum Performance Standards for its Lead Market Maker Program. The Minimum Performance Standards are broken down by asset class and listing fee tier, both of which are designated by the issuer. The Minimum Performance Standards for each asset class generally decrease for each lower listing fee tier (i.e., the Minimum Performance Standards for the Signature Tier are higher than those for the Premier Tier, which in turn are higher than those for the Core Tier). The Minimum Performance Standards include the following measurements: Maximum LMM Spread,<sup>9</sup> Size Near the Inside,<sup>10</sup>

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<sup>8</sup> An ETP that begins listing during the year will be charged a prorated fee for the remainder of the calendar year based on the percentage of trading days remaining in the applicable year. For example, for an ETP that is listed on the Exchange with 125 trading days remaining in the year in a year with 250 trading days, the Exchange will charge 50% of the annual fee.

<sup>9</sup> As provided in the proposed Fee Schedule, “Maximum LMM Spread” means the time weighted average of the LMM’s displayed two-sided spread, calculated as (LMM Best Offer minus LMM Best Bid) divided by the SIP NBBO midpoint, expressed in basis points, for a trading day.

<sup>10</sup> As provided in the proposed Fee Schedule, “Size Near the Inside” means the average notional depth within 25 basis points of the NBBO.

Layered Depth,<sup>11</sup> Time at NBBO,<sup>12</sup> Opening Auction Depth,<sup>13</sup> Closing Auction Depth,<sup>14</sup> Opening Auction Reference Price,<sup>15</sup> and Closing Auction Reference Price.<sup>16</sup> The Minimum Performance Standards are generally designed with specific asset classes in mind,<sup>17</sup> which include High Volume Products,<sup>18</sup> U.S. Equity,<sup>19</sup> International,<sup>20</sup> Fixed Income,<sup>21</sup> Currencies,<sup>22</sup> Single Stock & Outcome Based,<sup>23</sup> Commodities,<sup>24</sup> and Other.<sup>25</sup>

#### Signature Tier:\*

| <i>Asset Class</i> | <i>Maximum LMM Spread</i> | <i>Size Near the Inside (25 bps)</i> | <i>Layered Depth</i> | <i>Time at NBBO</i> | <i>Opening Auction Depth (100 bps)</i> | <i>Closing Auction Depth (50 bps)</i> | <i>Auction Reference Price (Opening)</i> | <i>Auction Reference Price (Closing)</i> |
|--------------------|---------------------------|--------------------------------------|----------------------|---------------------|----------------------------------------|---------------------------------------|------------------------------------------|------------------------------------------|
|--------------------|---------------------------|--------------------------------------|----------------------|---------------------|----------------------------------------|---------------------------------------|------------------------------------------|------------------------------------------|

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- <sup>11</sup> As provided in the proposed Fee Schedule, “Layered Depth” means the minimum notional value of both bids and offers within a certain percentage of the NBBO for at least 95% of the trading day.
- <sup>12</sup> As provided in the proposed Fee Schedule, “Time at NBBO” means the percentage of time during Regular Trading Hours in which the LMM maintains both a bid and offer at the NBBO with at least \$10,000 notional at each of the NBB and NBO.
- <sup>13</sup> As provided in the proposed Fee Schedule, “Opening Auction Depth” means the aggregate size, expressed in notional value, of all LMM Eligible Auction Orders that are executable in the opening auction and priced within 100 basis points (1.00%) of the NBBO midpoint, as measured immediately prior to the execution of the opening auction.
- <sup>14</sup> As provided in the proposed Fee Schedule, “Closing Auction Depth” means the aggregate size, expressed in notional value, of all LMM Eligible Auction Orders that are executable in the closing auction and priced within fifty basis points (0.50%) of the NBBO midpoint, as measured immediately prior to the execution of the closing auction.
- <sup>15</sup> As provided in the proposed Fee Schedule, “Opening Auction Reference Price” means the difference between the midpoint of the NBBO immediately prior to the opening auction and the opening auction price.
- <sup>16</sup> As provided in the proposed Fee Schedule, “Closing Auction Reference Price” means the difference between the midpoint of the NBBO immediately prior to the closing auction and the closing auction price.
- <sup>17</sup> As noted above, issuers are responsible for designating the asset class appropriate for a particular ETP.
- <sup>18</sup> High Volume Products generally means ETPs that have a 90-day CADV above 1,000,000 shares.
- <sup>19</sup> U.S. Equity generally means ETPs whose primary investment objective is exposure to equity securities of U.S.-domiciled or U.S.-listed issuers.
- <sup>20</sup> International generally means ETPs whose primary investment objective is exposure to non-U.S. equity or debt markets — developed, emerging, regional, or global ex-U.S. strategies.
- <sup>21</sup> Fixed Income generally means ETPs whose primary holdings are debt instruments of any type including, government, corporate, municipal, securitized, or high-yield, across any duration, credit quality, or geography.
- <sup>22</sup> Currencies generally means ETPs whose investment objective is primarily exposure to currency exchange rates, currency baskets, or FX-linked instruments.
- <sup>23</sup> Single Stock & Outcome Based generally means ETPs providing leveraged, inverse, or defined-outcome (e.g., buffer, floor, cap) exposure tied to a single reference security or a pre-set payoff structure, rather than a diversified basket.
- <sup>24</sup> Commodities generally means ETPs whose primary investment objective is exposure to physical commodities, commodity futures, or commodity baskets.
- <sup>25</sup> Other generally means any ETP that does not squarely fit one of the categories above, including multi-asset, alternative, or novel strategies.

|                                         |         |                                          |                                                        |                                                                                                                                                                |                                            |                                             |         |         |
|-----------------------------------------|---------|------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|---------|---------|
| <b>High Volume Products</b>             | 20 Bps  | \$80,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 0.50% | 15.0%                                                                                                                                                          | \$50,000 on each side of the NBBO Midpoint | \$100,000 on each side of the NBBO Midpoint | 65 Bps  | 25 Bps  |
| <b>U.S. Equity</b>                      | 20 Bps  | \$45,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 0.55% | For ETPs with under a 250K 30-Day CADV, LMM must quote at NBBO 45% of time.<br><br>For ETPs at or over a 250K 30-Day CADV, LMM must quote at NBBO 20% of time. | \$45,000 on each side of the NBBO Midpoint | \$90,000 on each side of the NBBO Midpoint  | 70 Bps  | 25 Bps  |
| <b>International</b>                    | 35 Bps  | \$30,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 0.75% |                                                                                                                                                                | \$30,000 on each side of the NBBO Midpoint | \$60,000 on each side of the NBBO Midpoint  | 130 Bps | 50 Bps  |
| <b>Fixed Income</b>                     | 15 Bps  | \$45,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 0.60% |                                                                                                                                                                | \$40,000 on each side of the NBBO Midpoint | \$85,000 on each side of the NBBO Midpoint  | 85 Bps  | 25 Bps  |
| <b>Currencies</b>                       | 20 Bps  | \$40,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 0.60% |                                                                                                                                                                | \$40,000 on each side of the NBBO Midpoint | \$85,000 on each side of the NBBO Midpoint  | 85 Bps  | 25 Bps  |
| <b>Single Stock &amp; Outcome Based</b> | 50 Bps  | \$25,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.00% |                                                                                                                                                                | \$30,000 on each side of the NBBO Midpoint | \$60,000 on each side of the NBBO Midpoint  | 125 Bps | 30 Bps  |
| <b>Commodities</b>                      | 30 Bps  | \$35,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 0.80% |                                                                                                                                                                | \$30,000 on each side of the NBBO Midpoint | \$65,000 on each side of the NBBO Midpoint  | 100 Bps | 30 Bps  |
| <b>Other</b>                            | 100 Bps | \$10,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.50% |                                                                                                                                                                | \$25,000 on each side of the NBBO Midpoint | \$50,000 on each side of the NBBO Midpoint  | 200 Bps | 100 Bps |

\*As provided in the proposed Fee Schedule, "CADV" means consolidated average daily volume calculated as the average daily volume reported for a security by all exchanges and trade reporting facilities to a consolidated transaction reporting plan excluding volume on days when the market closes early and on the Russell Reconstitution Day.

### Premier Tier:

| <b>Asset Class</b>          | <b>Maximum LMM Spread</b> | <b>Size Near the Inside (25 bps)</b>     | <b>Layered Depth</b>                                  | <b>Time at NBBO</b> | <b>Opening Auction Depth (100 bps)</b>     | <b>Closing Auction Depth (50 bps)</b>      | <b>Opening Auction Reference Price</b> | <b>Closing Auction Reference Price</b> |
|-----------------------------|---------------------------|------------------------------------------|-------------------------------------------------------|---------------------|--------------------------------------------|--------------------------------------------|----------------------------------------|----------------------------------------|
| <b>High Volume Products</b> | 25 Bps                    | \$80,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.0% | 5.0%                | \$35,000 on each side of the NBBO Midpoint | \$80,000 on each side of the NBBO Midpoint | 75 Bps                                 | 35 Bps                                 |

|                                         |         |                                          |                                                       |                                                                                                                                                                       |                                            |                                            |         |         |
|-----------------------------------------|---------|------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|---------|---------|
| <b>U.S. Equity</b>                      | 25 Bps  | \$45,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.0% | <p>For ETPs with under a 250K 30-Day CADV, LMM must quote at NBBO 35% of time.</p> <p>For ETPs at or over a 250K 30-Day CADV, LMM must quote at NBBO 10% of time.</p> | \$30,000 on each side of the NBBO Midpoint | \$65,000 on each side of the NBBO Midpoint | 80 Bps  | 35 Bps  |
| <b>International</b>                    | 60 Bps  | \$30,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.5% |                                                                                                                                                                       | \$20,000 on each side of the NBBO Midpoint | \$40,000 on each side of the NBBO Midpoint | 150 Bps | 75 Bps  |
| <b>Fixed Income</b>                     | 25 Bps  | \$45,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.0% |                                                                                                                                                                       | \$25,000 on each side of the NBBO Midpoint | \$60,000 on each side of the NBBO Midpoint | 100 Bps | 35 Bps  |
| <b>Currencies</b>                       | 30 Bps  | \$40,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.0% |                                                                                                                                                                       | \$25,000 on each side of the NBBO Midpoint | \$60,000 on each side of the NBBO Midpoint | 100 Bps | 35 Bps  |
| <b>Single Stock &amp; Outcome Based</b> | 80 Bps  | \$25,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 2.0% |                                                                                                                                                                       | \$20,000 on each side of the NBBO Midpoint | \$40,000 on each side of the NBBO Midpoint | 150 Bps | 40 Bps  |
| <b>Commodities</b>                      | 45 Bps  | \$35,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 1.0% |                                                                                                                                                                       | \$20,000 on each side of the NBBO Midpoint | \$45,000 on each side of the NBBO Midpoint | 120 Bps | 40 Bps  |
| <b>Other</b>                            | 110 Bps | \$10,000 on each side of the NBB and NBO | \$150,000 on each side of the NBB and NBO within 2.5% |                                                                                                                                                                       | \$15,000 on each side of the NBBO Midpoint | \$30,000 on each side of the NBBO Midpoint | 225 Bps | 150 Bps |

### Core Tier:

| <b>Asset Class</b>          | <b>Maximum LMM Spread</b> | <b>Size Near the Inside (25 bps)</b>     | <b>Layered Depth</b> | <b>Time at NBBO</b>                                                         | <b>Opening Auction Depth (100 bps)</b>     | <b>Closing Auction Depth (50 bps)</b>      | <b>Opening Auction Reference Price</b> | <b>Closing Auction Reference Price</b> |
|-----------------------------|---------------------------|------------------------------------------|----------------------|-----------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|----------------------------------------|----------------------------------------|
| <b>High Volume Products</b> | 50 Bps                    | \$80,000 on each side of the NBB and NBO | N/A                  | 5.0%                                                                        | \$25,000 on each side of the NBBO Midpoint | \$50,000 on each side of the NBBO Midpoint | 90 Bps                                 | 50 Bps                                 |
| <b>U.S. Equity</b>          | 50 Bps                    | \$45,000 on each side of the NBB and NBO |                      | For ETPs with under a 250K 30-Day CADV, LMM must quote at NBBO 30% of time. | \$20,000 on each side of the NBBO Midpoint | \$40,000 on each side of the NBBO Midpoint | 100 Bps                                | 50 Bps                                 |
| <b>International</b>        | 100 Bps                   | \$30,000 on each side of the NBB and NBO |                      |                                                                             | \$10,000 on each side of the NBBO Midpoint | \$20,000 on each side of the NBBO Midpoint | 200 Bps                                | 100 Bps                                |
| <b>Fixed Income</b>         | 30 Bps                    | \$45,000 on each side of the NBB and NBO |                      | For ETPs at or over a 250K 30-Day CADV,                                     | \$15,000 on each side of the NBBO Midpoint | \$35,000 on each side of the NBBO Midpoint | 150 Bps                                | 50 Bps                                 |

|                                         |         |                                          |  |                                     |                                            |                                            |         |         |
|-----------------------------------------|---------|------------------------------------------|--|-------------------------------------|--------------------------------------------|--------------------------------------------|---------|---------|
| <i>Currencies</i>                       | 35 bps  | \$40,000 on each side of the NBB and NBO |  | LMM must quote at NBBO 10% of time. | \$15,000 on each side of the NBBO Midpoint | \$30,000 on each side of the NBBO Midpoint | 150 Bps | 50 Bps  |
| <i>Single Stock &amp; Outcome Based</i> | 100 Bps | \$25,000 on each side of the NBB and NBO |  |                                     | \$15,000 on each side of the NBBO Midpoint | \$20,000 on each side of the NBBO Midpoint | 180 Bps | 50 Bps  |
| <i>Commodities</i>                      | 60 Bps  | \$35,000 on each side of the NBB and NBO |  |                                     | \$15,000 on each side of the NBBO Midpoint | \$25,000 on each side of the NBBO Midpoint | 150 Bps | 50 Bps  |
| <i>Other</i>                            | 130 Bps | \$10,000 on each side of the NBB and NBO |  |                                     | \$10,000 on each side of the NBBO Midpoint | \$20,000 on each side of the NBBO Midpoint | 300 Bps | 200 Bps |

The Exchange will measure LMM performance on a daily basis. For each trading day, the Exchange will determine the number of Minimum Performance Standards that are satisfied by the LMM. For each category that an LMM meets for that particular trading day, the LMM will be considered by the Exchange to be a Performant LMM. LMMs will be considered Performant LMMs for each trading day during the months of September and October as the Exchange begins offering ETP listings and rolls out the LMM Program.

#### LMM Stipend Tiers

LMMs that meet the applicable Minimum Performance Standards for a particular ETP will be paid by the Exchange up to \$278 per trading day for Signature Tier, up to \$139 per trading day for Premier Tier, and \$16 per trading day for Core Tier. As described above, the determination of whether an LMM is a Performant LMM<sup>26</sup> is done on a daily basis by the Exchange for each Minimum Performance Standard applicable to the tier and asset class (e.g., an LMM can be a Performant LMM in one measurement and not in another and can be a Performant LMM on one day and not the next).

For Signature Tier and Premier Tier, an LMM is paid by the Exchange for each

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<sup>26</sup> As defined in the proposed Fee Schedule, “Performant LMM” means an LMM that meets a particular Minimum Performance Standard for a trading day.

Minimum Performance Standard in which they are a Performant LMM. For example, where an LMM in Signature Tier (or Premier Tier) meets 4 of 8 Minimum Performance Standards, they are a Performant LMM in those 4 measurements and would thus receive from the Exchange a Daily Stipend as follows:  $(4 / 8) * \$278 = \$139$ . For Signature Tier, where an LMM is not a Performant LMM in any Minimum Performance Standard on a particular trading day, the Daily Stipend for that Minimum Performance Standard will be credited by the Exchange back to the issuer of the ETP in January of the following year and will only be applicable to the issuer's listing fees for that year, regardless of whether they remain listed on Signature Tier or if they change to another tier. Any unused credit during that year will be forfeited. For example, where an issuer is credited by the Exchange for a non-Performant LMM during 2026, the issuer will receive the credit in January 2027 and such credit will apply to the issuer's listing fees for 2027. For Core Tier, an LMM must be a Performant LMM in all applicable measurements on a given trading day in order to receive from the Exchange the Daily Stipend.

#### Consistency with FINRA Rule 5250 and Regulation M

FINRA Rule 5250 (Payments for Market Making) generally prohibits a FINRA member or associated person from accepting payment or other consideration, directly or indirectly, from an issuer or its affiliates and promoters, for publishing a quotation, acting as a market maker or submitting an application in connection therewith. FINRA Rule 5250 is designed to preserve the integrity of the marketplace by ensuring that quotations accurately reflect a broker-dealer's interest in buying or selling a security and that the decision by a firm to make a market in a given security should not be influenced by payments to FINRA members from issuers or promoters.<sup>27</sup>

FINRA Rule 5250(b)(3) provides an exception for any payment expressly provided for under the rules of a national securities exchange to accommodate exchange market maker

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<sup>27</sup> See Securities Exchange Act Release No. 60066 (June 8, 2009), 74 FR 28308 (June 15, 2009) (SR-FINRA2009-36). See also Securities Exchange Act Release No. 38812 (July 3, 1997), 62 FR 37105 (July 10, 1997) (SR-NASD-97-29) (order approving NASD Rule 2460, predecessor to FINRA Rule 5250).

incentive programs for ETPs (including the Exchange's prior market quality program).<sup>28</sup> Under these incentive programs, the exchanges could make payments to market makers that were funded through additional fees paid by participating issuers.<sup>29</sup> In SR-FINRA-2013-020, FINRA stated that where a market maker payment is provided for under the rules of an exchange that are effective after being filed with, or filed with and approved by, the SEC, comity should be afforded to such exchange rulemaking and the payment should not be prohibited under Rule FINRA 5250.<sup>30</sup> FINRA further stated that comparable prior programs<sup>31</sup> contained features that mitigate the concerns underlying FINRA Rule 5250, including that the program terms were objective, clear, and transparent and included disclosure requirements to help alert and educate potential and existing investors about the program.<sup>32</sup> The Exchange believes that the proposed LMM Program falls squarely within the FINRA Rule 5250(b)(3). The incentives are expressly provided for under the Exchange's fee schedule, which will be effective after being filed with the SEC pursuant to the requirements of the Exchange Act. In addition, the LMM Program has the same features that FINRA identified as mitigating the concerns underlying FINRA Rule 5250. The LMM Program is rules-based, objective, clear, and transparent. Accordingly, the Exchange does not believe that the proposed LMM Program raises concerns under FINRA Rule 5250.

Rule 102 of Regulation M prohibits an issuer from directly or indirectly attempting "to induce any person to bid for or purchase, a covered security during the applicable restricted period" unless an exemption is available.<sup>33</sup> The Exchange has considered whether the LMM

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<sup>28</sup> FINRA amended FINRA Rule 5250 in 2013 to adopt this exception. See Securities Exchange Act Release No. 69398 (April 18, 2013), 78 FR 24261 (April 24, 2013) (SR-FINRA-2013-020). See also FINRA Regulatory Notice 20-03, available at: <https://www.finra.org/rules-guidance/notices/20-03>.

<sup>29</sup> See, e.g., Securities Exchange Act Release Nos. 69195 (March 20, 2013), 78 FR 18393 (March 26, 2013) (SR-NASDAQ-2012-137); 69706 (June 6, 2013), 78 FR 35340 (June 12, 2013) (SR-NYSEArca-2013-34); and 72692 (July 28, 2014), 79 FR 44908 (SR-BATS-2014-022).

<sup>30</sup> See SR-FINRA-2013-020 at 24262.

<sup>31</sup> See Securities Exchange Act Release Nos. 69195 (March 20, 2013), 78 FR 18393 (March 26, 2013) (SR-NASDAQ-2012-137); 69706 (June 6, 2013), 78 FR 35340 (June 12, 2013) (SR-NYSEArca-2013-34); and 72692 (July 28, 2014), 79 FR 44908 (SR-BATS-2014-022).

<sup>32</sup> See *id.*

<sup>33</sup> 17 CFR 242.102.

Program, under which the annual listing fee paid by an issuer is credited to the Exchange's general revenues and used to offset the costs of the daily stipends paid to the LMM, could be viewed as an indirect attempt by an issuer to induce bidding or purchasing under Rule 102.

With respect to securities that are registered under the Investment Company Act of 1940 (“1940 Act”) and listed on TXSE, the Exchange notes that these products are exempt from Rule 102 pursuant to Rule 102(d)(4), which provides that Rule 102 shall not apply to redeemable securities issued by an open-end management investment company or a unit investment trust.<sup>34</sup> Accordingly, the LMM Program does not implicate Rule 102 with respect to the foregoing ETPs, which constitute the substantial majority of U.S ETPs eligible to participate in the LMM Program.

With respect to securities that are not registered under the 1940 Act and listed on TXSE, the Exchange does not believe that the LMM Program implicates the concerns underlying Rule 102 for the following reasons.

First, the derivative and open-ended nature of many of the non-1940 Act ETPs eligible to participate in the LMM Program would allow for transparent intrinsic intraday pricing. As such, the Exchange does not believe that such products would lend themselves to the type of market manipulation that Rule 102 was designed to prevent. The Exchange notes that the Commission and its staff have previously granted relief from Rule 102 to a number of ETPs (“Prior Relief”) in order to permit the operation of such ETPs.<sup>35</sup> In granting the Prior Relief, the Commission has relied in part on the exclusion from the provisions of Rule 102 provided by paragraph (d)(4) of Rule 102 for securities issued by an open-end management investment company or unit investment trust. In granting the Prior Relief from Rule 102 to other types of ETPs for which the (d)(4) exception is not available (i.e., non-1940 Act ETPs), the staff has relied on (i)

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<sup>34</sup> 17 CFR 242.102(d)(4).

<sup>35</sup> See, e.g., Class Relief for Exchange Traded Index Funds, SEC No-Action Letter (October 24, 2006); Commodity-based Investment Vehicles Class Letter, SEC No-Action Letter (June 21, 2006); and iPath Securities – Exchange-Traded Notes, SEC No-Action Letter (July 27, 2006).

representations that the fund in question would continuously redeem ETP shares in basket-size aggregations at their net asset value (“NAV”) and that there should be little disparity between the market price of an ETP share and the NAV per share and (ii) a finding that “[t]he creation, redemption, and secondary market transactions in [shares] do not appear to result in the abuses that...Rules 101 and 102 of Regulation M...were designed to prevent.”<sup>36</sup> The crux of the Commission’s findings in granting the Prior Relief rests on the premise that the prices of ETP shares closely track their per-share NAVs. Given that the proposed LMM Program neither alters the derivative pricing nature of ETPs nor impacts the arbitrage opportunities inherent therein, the conclusion on which the Prior Relief is based remains unaffected by the LMM Program. In this regard, most ETPs that would be eligible to participate in the LMM Program would have previously been granted relief from Rule 102.

Second, the LMM Program requires, among other things, that the LMM make two-sided quotes and not just bids. It is not intended to raise ETP prices but rather to improve market quality. In light of the derivative nature of ETPs described above, the Exchange does not expect that ETPs participating in the LMM Program would quote outside of the normal ranges. Specifically, the transparent nature of many ETPs’ portfolio composition as well as their accessibility and the elasticity of shares outstanding contribute to an arbitrage process that will lead to executions of orders of many ETPs priced at or near their NAVs. If and when a quote is priced beyond the intrinsic value of an ETP, an arbitrage opportunity can arise, and market participants will arbitrage such spread until price equilibrium is restored. Accordingly, the LMM Program would not create any incentive for an LMM to quote outside of the normal quoting ranges for these products as a result of the daily stipend, but rather would quote within their normal ranges as determined by market factors.

In light of the pricing mechanisms of ETPs and the structural safeguards of the LMM

Program, the Exchange does not believe that the proposed LMM Program implicates the concerns underlying Rule 102 of Regulation M with respect to any securities eligible to participate in the program.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>37</sup> in general, and furthers the objectives of Section 6(b)(5)<sup>38</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>39</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers as well as Section 6(b)(4)<sup>40</sup> as it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities. The Exchange also believes that the proposed LMM Program is consistent with Section 6(b)(5) of the Act because it is designed to enhance market quality and liquidity in Exchange-listed ETPs.

The Exchange believes that the proposed rule change, which establishes three ETP listing tiers with progressively higher Minimum Performance Standards applied and measured by the Exchange and Daily Stipends paid by the Exchange, is consistent with Section 6(b)(5) of the Act in that it provides issuers with the flexibility to choose the proper listing tier and liquidity support at the right time based on the product's underlying asset class, time at market, average daily

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<sup>37</sup> 15 U.S.C. 78f(b).

<sup>38</sup> 15 U.S.C. 78f(b)(5).

<sup>39</sup> 15 U.S.C. 78f(b)(5).

<sup>40</sup> 15 U.S.C. 78f(b)(4).

trading volume, and assets under management, among other factors. The Exchange believes that prevailing listing economics across the industry leave issuers without the tools necessary to support their varied product lineups and are not sufficient to support the provision of quality liquidity in many listed ETPs. Listing fees at the largest venues have been driven to levels insufficient to fund liquidity programs that cover a market maker's basic inventory, hedging, and capital costs, producing a cross-subsidy in which a small number of high-volume ETPs effectively underwrite the listing economics of a much larger population of products. The Exchange believes that this model contributes to insufficient incentives to provide liquidity in many ETPs and difficulty securing lead market makers, the cost of which is ultimately borne by investors. The continued growth of the U.S. ETP market to more than 5,000 listed products with over 1,000 launched in the past twelve months alone, has compounded these strains and made the misalignment between listing economics and the cost of quality liquidity more acute across the listed product landscape.

The Exchange believes that the proposed rule change is designed to address these concerns directly. By establishing three fee tiers, each paired with Minimum Performance Standards applied and measured by the Exchange and Daily Stipends paid by the Exchange that scale with each tier, the proposal allows ETP issuers to select the tier most appropriate for its product and ensures that the corresponding listing economics are sufficient to support that commitment. The Exchange believes that providing issuers with a transparent choice among differentiated tiers rather than a single offering promotes innovation and competition among listing venues, gives fund boards a meaningfully differentiated option to consider in discharging their fiduciary obligations to shareholders, and aligns market maker compensation with the market quality standards they are expected to meet. The Exchange further believes that the proposal expands the set of tools available to issuers seeking to improve the trading experience of their investors, allowing each issuer to elect the tier best suited to its product and shareholders,

consistent with the protection of investors and the public interest under Section 6(b)(5) of the Act.

The Exchange believes that segmenting the Minimum Performance Standards into asset classes is consistent with Section 6(b)(5) of the Act and is in line with how market makers take on and quote ETPs. Different asset classes - including High Volume Products, U.S. Equity, International, Fixed Income, Currencies, Single Stock & Outcome Based, Commodities, and Other - have distinct trading characteristics, liquidity profiles, and market dynamics that affect how market makers can effectively provide liquidity. By tailoring the performance standards to reflect these differences, the Exchange believes that aligning asset classes with respective quoting obligations will result in more correlated market making support to the ETPs that fall in each asset class. This approach promotes just and equitable principles of trade by establishing performance standards that are appropriately calibrated to the unique characteristics of each asset class, which in turn enhances liquidity provision and market quality for investors trading in these securities.

The Exchange believes that it is also consistent with the Act to require an LMM for Core Tier ETPs to be a Performant LMM in all of the Minimum Performance Standards in order to receive the Daily Stipend from the Exchange because Core Tier has the least burdensome Minimum Performance Standards and represents a baseline for liquidity provision for ETPs. The Exchange also notes that the Minimum Performance Standards are evaluated on a daily basis and that failure to qualify for the Daily Stipend from the Exchange one day will only apply to that single day, allowing the LMM to meet all of the Minimum Performance Standards and receive the Daily Stipend from the Exchange on any subsequent days. Further, the proposed LMM Program will be applied equally to all LMMs and issuers and both LMMs and issuers will understand the requirements to receive the Daily Stipend from the Exchange as part of their participation in the LMM Program.

The Exchange believes that it is consistent with the Act for the Exchange to provide Daily Stipends based on individual Minimum Performance Standards for the Signature and Premier Tiers because they represent heightened standards that are more difficult for LMMs to meet. The Exchange providing the Daily Stipend based on the number of Minimum Performance Standards that an LMM meets will incentivize issuers to continue to provide intraday liquidity in ETPs even where there are certain Minimum Performance Standards that they may not meet for a given day. This incentivizes more consistent liquidity, especially on particularly volatile trading days, rather than having an LMM withdraw completely when they realize that they will fail to be a Performant LMM in one Minimum Performance Standard to the benefit of investors and other market participants. The Exchange also believes that it is consistent with the Act to provide a credit to Signature Tier issuers applicable to their listing fees where an LMM does not receive a Daily Stipend from the Exchange. Under the Signature Tier, both the listing fee and the Minimum Performance Standards are the highest of any ETP listing exchange and, while the Exchange is confident in its LMM Program, the listing fees and quoting standards model has not yet been proven. Providing credit where Minimum Performance Standards are not met will provide issuers with the backstop of knowing that to the extent that the assigned LMM does not meet Minimum Performance Standards, they will receive a listing credit if the LMM Program does not have the desired effect. As noted above, the credit is only applicable to the issuer's listing fees in the following year. The Exchange believes that it is not unfairly discriminatory to provide a credit only to Signature Tier issuers for the same general reasons – both the listing fee and the Minimum Performance Standards are the highest of any ETP listing exchange. Providing a backstop for issuers that choose Signature Tier will help to prove that model while other exchanges already have ETP listing fees comparable to those for the Premier and Core Tiers.

The Exchange also believes that it is consistent with the Act to allow issuers to change their listing tier each year. This will allow issuers to dial up or dial down liquidity support as needed based on where the ETP is in its life cycle and the underlying asset, including the time at

market, assets under management, and natural liquidity support for the product. The issuer must determine, both at listing and on an ongoing basis, the proper listing tier for a particular product in order to ensure sufficient liquidity support for the ETP. As noted above, the Core Tier is generally consistent with the liquidity programs at the other three largest ETP listing venues, and the Exchange expects similar liquidity support for Core Tier products as on those venues. The Exchange notes that the differences in listing fees and liquidity programs at each listing venue are effectively different tiers with different levels of liquidity support that an issuer is choosing to list a particular ETP on. ETPs frequently transfer between primary listing venues, including to and from New York Stock Exchange LLC's more expensive offering with higher liquidity incentives.<sup>41</sup> The Exchange believes that moving between tiers on the Exchange would be comparable to such a transfer.

Finally, for the reasons stated above, the Exchange believes that the LMM Program is designed to mitigate the risks and concerns that FINRA Rule 5250 addresses and that the LMM Program does not implicate the concerns underlying Rule 102 of Regulation M.

(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. Rather, the Exchange believes the proposed rule change will enhance competition among exchanges for ETP listings and among liquidity providers to participate as Lead Market Makers on the Exchange.

The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed multiple tiers are available equally to all issuers and issuers are able to select

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<sup>41</sup> The Exchange notes that the New York Stock Exchange LLC ("NYSE") also offers ETP listings and charges a higher annual fee with higher payouts to market makers, charging a minimum of \$25,000 annually per ETP and paying out as much as \$48,000 annually to market makers plus a one-time incentive for DMMs of up to \$60,000. See New York Stock Exchange Price List 2026 at 13. [https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE\\_Price\\_List.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf).

the tier most appropriate for a particular ETP at a particular time. The proposed tiers for Minimum Performance Standards apply equally to all LMMs that choose to participate in the LMM Program and an LMM will know the Minimum Performance Standards applicable for a particular ETP in advance of their registration as an LMM for the security. All LMMs have the opportunity to qualify to receive the Daily Stipend from the Exchange by meeting the Minimum Performance Standards, and the standards are transparent and objective. The Exchange notes that participation in the LMM Program is voluntary, and market makers can choose whether to participate based on their assessment of whether they can meet the applicable Minimum Performance Standards as applied and measured by the Exchange and whether the Daily Stipends from the Exchange are attractive relative to their costs.

Similarly, the proposed asset class specific Minimum Performance Standards do not impose a burden on intramarket competition because it reflects the different characteristics and trading dynamics of various ETP types. LMMs specializing in different asset classes face different operational requirements and market conditions, and the tailored standards recognize these differences rather than creating competitive advantages or disadvantages. An LMM's ability to meet the standards for any particular asset class depends on its operational capabilities and market making strategies, which are within the control of each market participant.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which market participants can readily direct their business to competing venues if they deem fee levels, incentive programs, or other factors at a particular venue to be insufficient or excessive. The proposed LMM Program is designed to attract and retain LMMs by offering competitive incentives in exchange for meeting performance standards that enhance market quality.

To the extent the proposed rule change makes the Exchange's LMM Program more attractive to market makers or issuers, any resulting competitive impact would be the result of the

Exchange's competitive pricing and program design, which is appropriate and consistent with the Act. Other exchanges are free to adopt similar or different LMM programs and incentive structures to compete for market maker participation and issuer listings. The Exchange believes that competition among venues for LMM participation and listings benefits investors by encouraging exchanges to develop programs that promote liquidity and market quality.

Furthermore, the proposed rule change may enhance intermarket competition by encouraging other exchanges to evaluate and potentially improve their own LMM programs. This type of competitive dynamic promotes innovation and improvement in market structure, which ultimately benefits investors and the broader market ecosystem.

The Exchange also notes that the proposed Minimum Performance Standards are designed to enhance liquidity in Exchange-listed ETPs, which benefits all market participants regardless of where they choose to trade. Improved liquidity and tighter spreads resulting from the enhanced LMM Program contribute to better price discovery and more efficient markets across all trading venues, as the benefits of improved market quality are not limited to the Exchange's platform. For these reasons, the Exchange does not believe the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>42</sup> and Rule 19b-4(f)(2)<sup>43</sup> thereunder. At any time within 60 days of the filing of the proposed

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<sup>42</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>43</sup> 17 CFR 240.19b-4(f)(2).

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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-TXSE-2026-030 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 SR-TXSE-2026-030. 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 (<http://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-2026-030 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.<sup>44</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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