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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2026 - * 006
Amendment No. (req. for Amendments *)

Filing by Texas Stock Exchange LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
✓	☐	☐	✓	☐	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The Exchange proposes to amend certain parts of its Opening and Closing Auctions.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Kyle Last Name * Murray

Title * Deputy General Counsel

E-mail * kyle.murray@txse.com

Telephone * (214) 838-6038 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Texas Stock Exchange LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 04/14/2026

By Kyle Murray (Name *)

(Title *) Deputy General Counsel

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

KYLE PATRICK MURRAY
Digitally signed by KYLE PATRICK MURRAY
Date: 2026.04.14 16:08:32 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add | Remove | View SR-TXSE-2026-006 (Auction Update)	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add | Remove | View SR-TXSE-2026-006 (Auction Update)	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add | Remove | View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2- Notices, Written Comments, Transcripts, Other Communications Add | Remove | View	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add | Remove | View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add | Remove | View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add | Remove | View SR-TXSE-2026-006 (Auction Update)	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add | Remove | View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] Texas Stock Exchange LLC (the "Exchange" or "TXSE") is filing with the Securities and Exchange Commission ("Commission") a proposal to amend certain parts of its Opening and Closing Auctions, as further described below. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by Exchange staff pursuant to authority delegated to it by the Board of Directors of the Exchange (the "Exchange Board"). Exchange staff will advise the Exchange Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the proposed rule change.

(b) Please refer questions and comments on the proposed rule change to Jeff Brown, General Counsel and Corporate Secretary, (214) 612-0261, or Kyle Murray, Deputy General Counsel, (214) 838-6038.

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

(a) Purpose

The Exchange proposes to amend Rule 11.022 to make certain changes to its Opening[3] and Closing Auctions[4] to enhance the price discovery process and make the Exchange's auction

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1 15 U.S.C. 78s(b)(1)
2 17 CFR 240.19b-4.
3 The Exchange's Opening Auction is described in Rule 11.022(b).
4 The Exchange's Closing Auction is described in Rule 11.022(c).

process more robust. Specifically, the Exchange is proposing to make changes to its late limit order types, Late-Limit-On-Close ("LLOC")[5] and Late-Limit-On-Open ("LLOO" and, collectively with LLOC, "Late Auction Orders")[6] as currently described under Rule 11.022(a)(11) and (12), respectively, such that they will be constrained by recent transaction- and/or quotation-based calculations (described more fully below as "Participation Bands") rather than by the NBBO. The Exchange is also proposing to: (i) change the time that LOC,[7] MOC,[8] and LLOC orders can be submitted to the Exchange and prevent LOC, MOC, and LLOC orders from being amended or cancelled after 3:58 p.m. and to prevent Regular Hours Only ("RHO")[9] orders from being modified between 9:28 a.m. and 9:30 a.m.; (ii) change the information related

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[5] As provided in Rule 11.022(a)(11), the term "Late-Limit-On-Close" or "LLOC" means a TXSE limit order that is designated for execution only in the Closing Auction. To the extent a LLOC bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price.

[6] As provided in Rule 11.022(a)(12), the term "Late-Limit-On-Open" or "LLOO" means a TXSE limit order that is designated for execution only in the Opening Auction. To the extent a LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOO bid or offer, respectively, will assume its entered limit price. Notwithstanding the foregoing, a LLOO order entered during the Quote-Only Period of an IPO will be converted to a limit order with a limit price equal to the original User entered limit price and any LLOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

[7] As provided in Rule 11.022(a)(13), the term "Limit-On-Close" or "LOC" means a TXSE limit order that is designated for execution only in the Closing Auction.

[8] As provided in Rule 11.022(a)(15), the term "Market-On-Close" or "MOC" means a TXSE market order that is designated for execution only in the Closing Auction.

[9] As defined in Rule 11.006(o)(5), RHO means an instruction a User may attach to an order stating that an order to buy or sell is designated for execution only during Regular Trading Hours which includes the Opening Auction, the Closing Auction and IPO/Halt Auctions for TXSE-Listed securities and the Opening Process for non-TXSE-Listed securities (as such terms are defined in TXSE Rules 11.022 and 11.023) and, if not executed, expires at the end of Regular Trading Hours. Any order with a TIF instruction of RHO entered into the System after the closing of Regular Trading Hours will be rejected. Any portion of a market RHO order will be cancelled immediately following any auction in which it is not executed.

to Opening and Closing Auctions that is disseminated prior to the auction; (iii) add an additional tiebreaker step to the waterfall it uses to break ties in determining the TXSE Official Opening Price,[10] TXSE Official Closing Price,[11] and to the Auction Only Price;[12] and (iv) change the name of LLOC and LLOO orders to “Limit-On-Close-Late” or “LOC.L” orders and “Limit-On-Open-Late” or “LOO.L.” The Exchange is also proposing to make one clarifying change to Rule 11.022(c)(2)(B) and to make corresponding renumbering changes to Rule 11.022(a).

Overview

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10 As provided in Rule 11.022(b)(2)(B), the Opening Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Opening Auction. In the event of a volume based tie at multiple price levels, the Opening Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Opening Auction price will be the price closest to the Volume Based Tie Breaker. The Opening Auction price will be the TXSE Official Opening Price. In the event that there is no Opening Auction for an issue, the TXSE Official Opening Price will be the price of the Final Last Sale Eligible Trade, which will be the previous TXSE Official Closing Price. As provided in Rule 11.022(a)(6), the term "Collar Price Range" shall mean the range from a set percentage below the Collar Midpoint (as defined below) to above the Collar Midpoint, such set percentage being dependent on the value of the Collar Midpoint at the time of the auction, as described below. The Collar Midpoint will be the Volume Based Tie Breaker for all applicable auctions, except for IPO Auctions (as defined below) in exchange traded products ("ETPs"), for which the Collar Midpoint will be the issue price. Specifically, the Collar Price Range will be determined as follows: where the Collar Midpoint is $25.00 or less, the Collar Price Range shall be the range from 10% below the Collar Midpoint to 10% above the Collar Midpoint; where the Collar Midpoint is greater than $25.00 but less than or equal to $50.00, the Collar Price Range shall be the range from 5% below the Collar Midpoint to 5% above the Collar Midpoint; and where the Collar Midpoint is greater than $50.00, the Collar Price Range shall be the range from 3% below the Collar Midpoint to 3% above the Collar Midpoint. As provided in current Rule 11.022(a)(22), the term "Volume Based Tie Breaker" shall mean the midpoint of the NBBO for a particular security where the NBBO is a Valid NBBO. A NBBO is a Valid NBBO where: (i) there is both a NBB and NBO for the security; (ii) the NBBO is not crossed; and (iii) the midpoint of the NBBO is less than the "Maximum Percentage" away from both the NBB and the NBO. The "Maximum Percentage" will be determined by the Exchange and will be published in a circular distributed to Members with reasonable advance notice prior to initial implementation and any change thereto. Where the NBBO is not a Valid NBBO, the price of the Final Last Sale Eligible Trade will be used.

11 As provided in Rule 11.022(c)(2)(B), the Closing Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Closing Auction. In the event of a volume based tie at multiple price levels, the Closing Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the price closest to the Volume Based Tie Breaker.

12 As provided in current Rule 11.022(a)(2), the term “Auction Only Price” means the price at which the most shares from the Auction Book would match. In the event of a volume based tie at multiple price levels, the Auction Only Price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Auction Only Price will be the price closest to the Volume Based Tie Breaker (as defined below).

Currently, between 9:28 a.m. and 9:30 a.m. and 3:59 p.m. and 4:00 p.m. Users[13] can submit Late Auction Orders for participation in the Opening Auction and Closing Auction, respectively. To the extent that such a Late Auction Order is priced more aggressively than the NBB[14] (for bids) or NBO (for offers), the price of such Late Auction Order bids and offers will be the NBB and NBO. Where the NBB or NBO becomes more aggressive, the limit price of the Late Auction Order bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the Late Auction Order bid or offer, respectively, will assume its entered limit price.

Because Late Auction Orders are the only Eligible Auction Order[15] that can be submitted after 9:28 a.m. and 3:59 p.m. and are constrained to the less aggressive side of the NBBO, the current Late Auction Order functionality limits Users' ability to enter marketable orders at a time critical to price formation and price discovery. Late Auction Order functionality also prevents liquidity providers from being able to support auction liquidity within the NBBO, which can lead to auction volatility, especially in securities with wider spreads. Finally, Late Auction Order functionality also creates uncertainty around executions in the Opening and Closing Auctions

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13 As provided in Rule 1.005(jj), the term "User" means any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to TXSE Rule 11.003.

14 As provided in Rule 1.005(jj), the terms "National Best Bid" and "NBB" mean the national best bid; the terms "National Best Offer" and "NBO" shall mean the national best offer; and the term "NBBO" shall mean the national best bid or offer.

15 As provided in current 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).

which hinders hedging activity for liquidity providers. As noted above, this inability to provide liquidity in Opening and Closing Auctions can result in significant price swings around the open and close and into the Opening and Closing Auctions.

Proposed Changes

As such, the Exchange is proposing to make several changes to its Opening and Closing Auctions. Specifically, the Exchange is proposing to change the functionality of Late Auction Orders such that they are constrained by the Participation Band,[16] a dynamic price band applied on a security-by-security basis that is based on quotes and/or trades in the applicable TXSE-listed security, instead of the NBBO. This will allow Late Auction Orders to be entered at prices that are more likely to be able to participate in the Opening and Closing Auction than current functionality while at the same time still constraining a Late Auction Order's limit price to mitigate volatility around the Opening and Closing Auction.[17] The Exchange is also proposing to make several changes related to cut-off times, the ability to modify Auction Eligible Orders, the way that tiebreakers are applied, the data disseminated prior to the Opening and Closing Auction, and to refer to LLOO orders as "Limit-On-Open-Late" or "LOO.L" orders and LLOC orders as

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16 As defined in proposed Rule 11.022(a)(20), the term "Participation Band" means a dynamic price band within the Collar Price Range that is calculated on a security-by-security basis that is based on quotes and/or trades in the applicable TXSE-listed security over a lookback period of between two and 30 minutes or 20 and 500 events (i.e. quotes and/or trades). The specific methodology for the Participation Band calculation, including the weighting of inputs, lookback periods, and filtering criteria, shall be determined by the Exchange and set forth in a circular distributed to Members with 30-days advance notice prior to initial implementation and any material change thereto. The lower priced side of the Participation Band is the "Lower Band" and the higher priced side of the Participation Band is the "Upper Band."

The Exchange will utilize real-time transaction and/or quotation data from the consolidated tape to calculate the Participation Band for the applicable security and a mathematical calculation to determine a dynamic, symbol-specific price range within the Collar Price Range. The Participation Band is recalculated every five seconds between 9:28 a.m. and 9:30 a.m. for Opening Auctions and 3:58 p.m. and 4:00 p.m. for Closing Auctions.

17 As further discussed below, the Exchange believes that this functionality, combined with several of the Exchange's other rule changes proposed herein, will help enhance liquidity in the Opening and Closing Auctions while also mitigating volatility.

"Limit-On-Close-Late" or "LOC.L" orders.

In order to accomplish these changes, the Exchange proposes to amend the definition of LLOO and LLOC under Rule 11.022(a)(12) and (11), respectively, to reflect that the names are changing to LOO.L and LOC.L, respectively. Late Auction Orders continue to represent a TXSE limit order that is designated for execution only in the Opening or Closing Auction, as applicable. Late Auction Orders cannot be amended or cancelled after entry. To the extent that Late Auction Order bids and offers received by the Exchange have a limit price that is more aggressive than the Upper Band or Lower Band, respectively, immediately prior to the Opening or Closing Auction, as applicable, the price of such bid or offer is adjusted to be equal to the Upper Band or Lower Band, respectively.

The Exchange is also proposing to change the information that it disseminates before the Opening and Closing Auction. Rule 11.022(b)(2)(A) currently provides that beginning at 8:00 a.m. and disseminated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares, and Reference Sell Shares associated with the Opening Auction will be disseminated via electronic means until the Opening Auction occurs. Similarly, Rule 11.022(c)(2) currently provides that beginning at 3:00 p.m. and updated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares, and Reference Sell Shares associated with the Closing Auction will be disseminated via electronic means until the Closing Auction occurs. The Exchange is instead proposing to disseminate information related to the Opening and Closing Auction in two separate periods:

first, the Exchange will disseminate Matched Shares[18] and the Offset Side[19] associated with the applicable auction every five seconds between 8:00 a.m and 9:28 a.m. for Opening Auctions and between 3:00 p.m. and 3:58 p.m. for Closing Auctions; beginning at 9:28 a.m. for Opening Auctions and 3:58 p.m. for Closing Auctions, the Exchange will disseminate the Participation Band, the Lower Band Auction Interest,[20] and the Upper Band Auction Interest.[21] Such data will be updated every five seconds. The Lower Band Auction Interest and Upper Band Auction Interest provide participants with visibility into buy and sell interest at the boundaries of the Participation Band. By comparing quantities at each boundary and observing how those quantities change, participants can assess the relative balance of supply and demand within the band. This informs decisions about the size, direction, and pricing of any Late Auction Orders or Continuous Book[22] interest they may wish to enter during the final two minutes of trading.[23]

The Exchange is also proposing to amend Rule 11.022(c)(1)(A) and (B) in order to

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18 As proposed in Rule 11.022(a)(18), the term "Matched Shares" means the number of shares that would match at the Auction Only Price.

19 As proposed in Rule 11.022(a)(19), the term "Offset Side" means the side (either Buy, Sell, or Equal) for which there are more shares available if a Closing Auction took place at the Auction Only Price. Where there are the same number of shares on the buy side and the sell side, the Offset Side will be "Equal".

20 As proposed in Rule 11.022(a)(15), the term "Lower Band Auction Interest" means the number of Eligible Auction Order shares to buy that are priced equal to or more aggressively than the Lower Band and the number of Eligible Auction Order shares to sell that are priced equal to or more aggressively than the Lower Band.

21 As proposed in Rule 11.022(a)(26), the term "Upper Band Auction Interest" means the number of Eligible Auction Order shares to buy that are priced equal to or more aggressively than the Upper Band and the number of Eligible Auction Order shares to sell that are priced equal to or more aggressively than the Upper Band.

22 As defined in Rule 11.022(a)(7), the term "Continuous Book" means all orders on the TXSE Book that are not Eligible Auction Orders.

23 These data points are designed to provide market makers and LMMs with the information necessary to make informed decisions about providing liquidity in the Opening and Closing Auctions. Specifically, the dissemination of Matched Shares and the Offset Side beginning at 8:00 a.m. and 3:00 p.m. enables liquidity providers to assess the direction and magnitude of order flow, while the dissemination of the Participation Band, Lower Band Auction Interest, and Upper Band Auction Interest beginning at 9:28 a.m. and 3:58 p.m. enables them to calibrate the pricing and size of Late Auction Orders within the constraints of the band. Together, these data points reduce the informational uncertainty that might otherwise discourage liquidity provision in the Exchange's Opening and Closing Auction processes.

provide that LOC and MOC orders may be submitted until 3:58 p.m. instead of 3:59 p.m., that LOC.L orders (formerly LLOC orders) can be submitted starting at 3:58 p.m. instead of 3:59 p.m., and that Eligible Auction Orders may not be modified or cancelled after 3:58 p.m. whereas they were previously non-cancellable after 3:59 p.m. and could be modified any time prior to the Closing Auction. Similarly, the Exchange is proposing to delete text in Rule 11.022(b)(1)(B) to provide that RHO orders cannot be modified or cancelled between 9:28 a.m. and 9:30 a.m. in order to ensure consistent treatment across Eligible Auction Orders in the Opening Auction. The Exchange is proposing these changes in order to both align the functionality across its Opening and Closing Auctions and to create a longer period before an auction in which Eligible Auction Orders cannot be cancelled or modified, providing greater certainty around the liquidity available in Exchange auctions in support of price formation. The Exchange is not proposing to make any equivalent changes for MOO, LOO, or LOO.L orders in Opening Auctions because the Opening Auction rules already reflect this same functionality beginning at 9:28 a.m. (two minutes before the Opening Auction occurs).

The Exchange is also proposing to add one additional step to the waterfall that it uses to break ties in determining the TXSE Official Opening Price, TXSE Official Closing Price, and Auction Only Price. Currently, Rule 11.022(c)(2)(B) provides that the Closing Auction price will be established by: (i) determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book[24] in the Closing Auction; (ii) in the event of a volume based tie at multiple price levels, the Closing Auction price will be the price which results in the minimum total imbalance; and (iii) in the event of a volume

[24] As defined in Rule 11.022(a)(1), the term “Auction Book” means all Eligible Auction Orders (as defined below) on the TXSE Book.

based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the price closest to the Volume Based Tie Breaker. The Opening Auction has an identical tie-breaking waterfall.[25] The Exchange is proposing to add a new step to this process before step (iii) which states that "in the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the entered price at which shares will remain unexecuted in the Closing Auction." If more than one price exists under this new step (iii), the Closing Auction price would then be the price closest to the Volume Based Tie Breaker. The Exchange notes that this proposed change is substantively identical to Nasdaq Rule 4754(b)(2)(C). The Exchange is proposing to make equivalent changes to the Opening Auction under Rule 11.022(b)(2)(B) and the definition of Auction Only Price in Rule 11.022(a)(2).

Examples

The following examples are based on the Closing Auction and Closing Auction orders, including MOC, LOC, and LOC.L, but the same scenarios in the Opening Auction with MOO, LOO, and LOO.L orders would yield identical results.

Example 1 (Data Calculation and LOC.L Basics):

Below is a snapshot of the Auction Book and Continuous Book immediately prior to 3:58:00 p.m. where the Volume Based Tie Breaker is $50.10.

Auction Book Prior to 3:58:00 p.m.

Time	Order	Side	Type	Limit	Shares
3:05:00	Order A	Sell	MOC	N/A	4,000
3:30:00	Order B	Buy	LOC	$50.10	2,000

Continuous Book

25 See Exchange Rule 11.022(b)(2)(B).

Time	Order	Side	Type	Limit	Shares
3:55:15	Order C	Buy	Displayed Limit	$50.00	2,000
3:57:00	Order D	Sell	Displayed Limit	$50.10	4,000

Before 3:58 p.m. the Exchange is proposing to disseminate Matched Shares and Offset Side every five seconds, both of which are calculated based on the Auction Only Price[26] at that time. Based on the above Auction Book, the Auction Only Price would be $50.10 and 2,000 shares would execute.[27] This means that the Exchange would disseminate a Matched Shares of 2,000 and an Offset Side of Sell.

LOC.L Orders Entered After 3:58:00 p.m.

At 3:58:00 p.m. all Eligible Auction Orders (MOCs and LOCs) may no longer be modified or cancelled and LOC.L Orders are the only Eligible Auction Orders that can be entered. As described above, the Exchange is proposing that such LOC.L orders can be entered at their limit price without restriction but cannot be modified or cancelled. Immediately prior to the Closing Auction, LOC.L bids and offers that have a limit price that is more aggressive than

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26 As defined in proposed amended Rule 11.022(a)(2), the term "Auction Only Price" means the price at which the most shares from the Auction Book would match. In the event of a volume based tie at multiple price levels, the Auction Only Price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the entered price at which shares will remain unexecuted in the Closing Auction. In the event of a volume based tie, a tie in minimum total imbalance, and a tie in shares unexecuted at multiple price levels, the Auction Only Price will be the price closest to the Volume Based Tie Breaker (as defined below).

27 This calculation provides an example of the proposed new tie breaker language in Rule 11.022(a)(2). In determining the Auction Only Price as proposed, 2,000 shares would execute at each price level below $50.10 with an imbalance of 2,000 shares. In the event of a volume-based tie at multiple price levels and a tie in minimum total imbalance at multiple price levels, the Auction Only Price will be the entered price at which shares will remain unexecuted. Here, there are no price levels at which an entered price will have unexecuted shares (Order B executes fully and Order A has no entered price), so the Auction Only Price will be the price closest to the Volume Based Tie Breaker. Because the Volume Based Tie Breaker is $50.10, the Auction Only Price would be $50.10 and because there are 2,000 buy shares and 4,000 sell shares at $50.10, the Offset Side would be "Sell."

the Upper Band or Lower Band, respectively, will be adjusted to be equal to the Upper Band or Lower Band, respectively.

For purposes of this example, the Participation Band is $49.80 x $50.20.

Time	Order	Side	Type	Limit	Shares
3:59:00	Order E	Buy	LOC.L	$50.10	5,000
3:59:30	Order F	Sell	LOC.L	$49.00	2,000

At 3:58:00 p.m., the Exchange will also start calculating and disseminating the following values in every five seconds: (i) the Participation Band (which includes both the Lower Band and the Upper Band); (ii) the Lower Band Auction Interest (which includes both the buy shares and the sell shares); (iii) and the Upper Band Auction Interest (which also includes both the buy shares and the sell shares.

The Lower Band Auction Interest buy shares includes all bids that are Eligible Auction Orders priced more aggressively than the Lower Band ($49.80). At 3:58, the Lower Band Auction Interest buy shares is calculated as follows: Order B (2,000 shares at $50.10) = 2,000 shares. When Order E (5,000 shares at $50.10) comes in at 3:59:00, Lower Band Auction Interest buy shares would increase to 7,000 shares.

The Lower Band Auction Interest sell shares includes all offers that are Eligible Auction Orders priced more aggressively than the Lower Band ($49.80). At 3:58, the Lower Band Auction Interest sell shares is calculated as follows: Order A (4,000 shares at market) = 4,000 shares. When Order F (2,000 shares at $49.00) comes in at 3:59:30, Lower Band Auction interest sell shares would increase to 6,000 shares.

The Upper Band Auction Interest buy shares includes all bids that are Eligible Auction Orders priced more aggressively than the Upper Band ($50.20). At 3:58, the Upper Band Auction

Interest buy shares is calculated as follows: no Eligible Auction Orders to buy priced more aggressively than $50.20 = 0 shares. There are no subsequent LOC.L buy orders priced more aggressively than $50.20, so there are no changes to the Upper Band Auction Interest buy shares.

The Upper Band Auction Interest sell shares includes all offers that are Eligible Auction Orders priced more aggressively than the Upper Band ($50.20). At 3:58, the Upper Band Auction Interest sell shares is calculated as follows: Order A (4,000 shares at market) = 4,000 shares. When Order F (2,000 shares at $49.00) comes in at 3:59:30, Upper Band Auction interest sell shares would increase to 6,000 shares.

Complete Order Book Immediately Prior to Closing Auction Sorted by Priority

Time	Order	Side	Type	Limit	Shares
3:05:00	Order A	Sell	MOC	N/A	4,000
3:59:30	Order F	Sell	LOC.L	$49.00	2,000
3:57:00	Order D	Sell	Displayed Limit	$50.10	4,000

Time	Order	Side	Type	Limit	Shares
3:59:00	Order E	Buy	LOC.L	$50.10	5,000
3:30:00	Order B	Buy	LOC	$50.10	2,000
3:55:15	Order C	Buy	Displayed Limit	$50.00	2,000

Immediately prior to the beginning of the Closing Auction process, LOC.L bids and offers that have a limit price more aggressive than the Upper Band or Lower Band, respectively, will be adjusted to be equal to the Upper Band or Lower Band, respectively. Here, there are two LOC.L orders: Order E and Order F. Order F is a sell order with a limit price of $49.00, which is more aggressive than the Lower Band of $49.80, so it will be adjusted to a limit price of $49.80 for participation in the Closing Auction. Order E is a buy order with a limit price of $50.10, which is less aggressive than the Upper Band of $50.20, so it will not be adjusted and will participate in the Closing Auction with a limit price of $50.10.

Complete Order Book for Closing Auction Sorted by Priority

Time	Order	Side	Type	Limit	Shares
3:05:00	Order A	Sell	MOC	N/A	4,000
3:59:30	Order F	Sell	LOC.L	$49.80	2,000
3:57:00	Order D	Sell	Displayed Limit	$50.10	4,000

Time	Order	Side	Type	Limit	Shares
3:59:00	Order E	Buy	LOC.L	$50.10	5,000
3:30:00	Order B	Buy	LOC	$50.10	2,000
3:55:15	Order C	Buy	Displayed Limit	$50.00	2,000

Based on the above combined Auction Order Book and Continuous Order Book, 4,000 shares would execute at every price up to $49.79, 6,000 shares would execute between $49.80 and $50.09, 7,000 shares would execute at $50.10, and 0 shares would execute above $50.10. Based on the logic in Rule 11.022(c)(2)(B), which provides that the Closing Auction will occur at the price level within the Collar Price Range[28] that maximizes the number of shares executed between the Continuous Book and Auction Book, the Closing Auction would occur at $50.10.

In this instance, the adjustment of Order F did not impact the price of the Closing Auction because the most shares that could execute would have been at $50.10 (still 7,000 shares) even if the LOC.L was priced at $49.00 (would have been 6,000 shares at each price level between $49.00 and $50.09 instead of $49.80 and $50.09).

Example 2 (Participation Bands Impact Closing Auction Price):

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[28] The Exchange notes that because it is not proposing to make any changes to the Collar Price Range in this proposal, it is not discussing the Collar Price Range in the examples in this filing in order to keep the examples as straight-forward as possible as it relates to the rules that it is proposing to change.

Taking the same example as above, but in this example Order F is for 10,000 shares instead of 2,000, and one additional order is entered as follows:

Time	Order	Side	Type	Limit	Shares
3:59:30	Order F	Sell	LOC.L	$49.00	10,000
3:59:50	Order G	Buy	LOC.L	$49.00	1,000

In this instance, Order F would again be adjusted to a limit price of $49.80 because it is an LOC.L sell order that is priced more aggressively than the Lower Band. Order G would not be adjusted because it is an LOC.L buy order that is not priced more aggressively than the Upper Band. Based on updated orders and the new combined Auction Order Book and Continuous Book, 4,000 shares would execute at every price up to $49.79, 9,000 shares would execute between $49.80 and $50.00, 7,000 shares would execute between $50.01 and $50.10, and 0 shares would execute above $50.10. Based on the logic in Rule 11.022(c)(2)(B), which provides that the Closing Auction will occur at the price level within that maximizes the number of shares executed between the Continuous Book and Auction Book, there would be a volume based tie between $49.80 and $50.00.[29] The next step is to find the price level within that range that minimizes the imbalance, but every price in that range has an imbalance of 5,000 sell shares. The next step (which is the proposed new tie breaker functionality) is to find the entered price at which shares will remain unexecuted in the Closing Auction, and here the only entered price within the range at which shares will remain unexecuted is $49.80 (Order F's adjusted price). Therefore, 9,000 shares would execute in the Closing Auction at $49.80.

In this instance, the adjustment of Order F did impact the price of the Closing Auction because the most shares that could execute would have been at $49.00 if the LOC.L was priced

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29 The Exchange notes that Rule 11.022(c)(2)(B) specifically refers to the price level within the Collar Price Range that maximizes the number of shares executed, but is intentionally not including the Collar Price Range in the examples in this proposal in order to prevent the overcomplication of these examples in areas of its rules that it is not proposing to change.

at $49.00 (would have been 10,000 shares that could have executed at $49.00, greater than any other price level). Consistent with the logic above, the Participation Bands, which are based on actual executions and quotes in the market, allowed price formation to occur in the Closing Auction within reasonable market-based bounds.

Policy Argument

The Exchange believes that these proposed changes collectively provide a deterministic, market-based solution to creating orderly closing auctions that is conceptually similar to both the Exchange's current functionality (gating Late Auction Orders based on market conditions, which under current Exchange Rules are the NBB and NBO), other similar late auction order functionality on other exchanges (which provide similar market-based restrictions on the price of late auction orders),[30] and the Designated Market Maker ("DMM") closing auction process on New York Stock Exchange LLC ("NYSE"). Under NYSE Rule 7.35B(g), DMMs are responsible for deciding the Auction Price for a Closing Auction on NYSE and have significant discretion in determining what that Auction Price should be. NYSE describes the criteria for the DMM to

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30 Cboe BZX Exchange, Inc. ("BZX") has identical late auction order functionality as the Exchange's current functionality – late auction orders in both the opening and closing auctions are collared by the NBBO. See BZX Rules 11.23(a)(12) and (13). NYSE Arca, Inc.'s ("Arca") opening auction does not allow cancel and cancel and replace requests for one minute prior to the Opening Auction and a Core Open Auction Imbalance Freeze occurs five seconds before the scheduled Core Open Auction. During this period the only orders accepted for auction participation are Limit Orders designated for the Core Trading Session and such orders are only allowed to participate in the Core Open Auction to offset an imbalance remaining after all orders entered before the Core Open Auction Imbalance Freeze. For the Arca closing auction, the Closing Auction Imbalance Freeze begins one minute prior to the closing auction. During this period, all LOC and MOC orders that are on the same side of the Total Imbalance, would flip the Total Imbalance, or would create a new Total Imbalance are rejected and no LOC Orders or MOC Orders can be cancelled or cancelled and replaced. See Arca Rule 7.35-E. Nasdaq Stock Market LLC's ("Nasdaq") allows LOO orders to be entered until 9:29:30 a.m. but restricts LOO orders received after 9:28 a.m. to only be priced to the more aggressive of the 9:28 a.m. price or the previous day's official closing price. Similarly, LOC orders received after 3:55 p.m. are accepted at their limit price unless it is more aggressive than the 3:50 p.m. or the 3:55 p.m. Reference Prices, in which case it will be re-priced to the more aggressive of the two prices. Nasdaq accepts Imbalance Only orders for both the opening and closing auction and if those orders are re-priced to the best bid/ask price prior to the execution of the auction, up to their limit price. See Nasdaq Rules 4752 and 4754

decide on the Closing Price as follows: "the Auction Price must be at or between the last-published Imbalance Reference Price, which is the Exchange Last Sale Price bound by the Exchange BBO,[31] and the last-published non-zero Continuous Book Clearing Price, which is the price at which all better-priced orders eligible to trade in the Closing Auction on the Side of the Imbalance can be traded.[32] Rule 7.35B promotes determinism with respect to the Closing Auction because the Closing Auction Price must be within the predetermined range of prices that have been disseminated via the Closing Auction Imbalance Information and that cannot be changed after the end of Core Trading Hours."[33] Providing a market conditions-based price range at which the DMM can choose the auction price serves a similar function to the restrictions on late auction orders on other exchanges and the Participation Band restrictions on LOO.L and LOC.L orders entered after 9:28 a.m. and 3:58 p.m., respectively, They all serve to allow for liquidity providers to participate in the auction process but in a way that does not impact the price of the auction in a way that diverges from the exchanges' respective chosen measure of "current market conditions." While the analysis above focuses on closing auctions, the Exchange believes that the points raised apply equally to opening auctions as well.

To this point, the Exchange believes that restricting the price of Late Auction Order bids and offers to the Upper Band and Lower Band, respectively, immediately prior to the Opening and Closing Auction is a reasonable way to ensure that participants are able to add liquidity in Opening and Closing Auctions on the Exchange while mitigating volatility and ensuring that

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31 See NYSE Rule 7.35(a)(4)(C). In the case of a buy Imbalance, the Continuous Book Clearing Price would be the highest potential Closing Auction Price and in the case of a sell Imbalance, the Continuous Book Clearing Price would be the lowest potential Closing Auction Price.

32 See NYSE Rule 7.35B(e)(3).

33 See Securities Exchange Act Release No. 104887 (February 25, 2026), 91 FR 10175 (March 2, 2026) (File No. SR-NYSE-2026-11) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.35B(g)(2))

Opening and Closing Auctions remain tethered to market conditions in a security.[34] The data points that the Exchange is proposing to disseminate prior to its Opening and Closing Auctions further bolster this ability. The Exchange believes that the examples above support this belief.

Clarifying Changes

Finally, the Exchange is proposing to add a clarifying clean-up change in Rule 11.022(c)(2)(B) to add the phrase "that is a corporate security" in two places in order to make the following language clear "For a TXSE-Listed Security *that is a corporate security*, the Closing Auction price will be the TXSE Official Closing Price. In the event that there is no Closing Auction for a TXSE-Listed Security *that is a corporate security*, the TXSE Official Closing Price will be the price of the Final Last Sale Eligible Trade." Without this clarifying language, the following sentence related to "The TXSE Official Closing Price for all other TXSE-Listed Securities will be determined as follows:" would never apply. The language under this provision is intended to apply to ETFs in order to find a TXSE Official Closing Price for ETFs where there is less than one round lot executed in the Closing Auction and without the qualifier "that is a corporate security" all securities would have their TXSE Official Closing Price determined by the preceding language. The Exchange is also proposing to renumber certain defined terms under Rule 11.022(a) in order to accommodate the new definitions proposed herein.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[35] in general, and furthers the objectives of Section 6(b)(5) of the Act,[36] in particular, in

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34 As noted above, the Participation Bands are calculated utilizing real-time transaction and/or quotation data from the consolidated tape for the applicable security and a mathematical calculation to determine a dynamic, symbol-specific price range within the Collar Price Range and will be disseminated every five seconds between 3:58 p.m. and 4:00 p.m.

35 15 U.S.C. 78f(b).

36 15 U.S.C. 78f(b)(5).

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 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 that the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that the proposed changes to LOO.L and LOC.L functionality, the new data points that will be provided in advance of the Opening and Closing Auctions, and the changes to the timing and cancellability of RHO, MOC, LOC, and LOC.L orders collectively provide a deterministic, market-based solution to creating orderly auctions. To this point, the Exchange believes that restricting the price of Late Auction Order bids and offers to the Upper Band and Lower Band, respectively, immediately prior to the Opening and Closing Auction is a reasonable way to ensure that participants are able to add liquidity in Opening and Closing Auctions on the Exchange while mitigating volatility and ensuring that Opening and Closing Auctions remain tethered to market conditions in a security.[37] The data points that the Exchange is proposing to disseminate prior to its Opening and Closing Auctions further bolster this ability.

The Exchange also notes that the proposed Late Auction Order functionality is

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[37] As noted above, the Participation Bands are calculated utilizing real-time transaction and/or quotation data from the consolidated tape for the applicable security and a mathematical calculation to determine a dynamic, symbol-specific price range within the Collar Price Range and will be disseminated every five seconds between 3:58 p.m. and 4:00 p.m.

conceptually similar to both the Exchange's current functionality (gating Late Auction Orders based on market conditions, which under current Exchange Rules are the NBB and NBO), other similar late auction order functionality on other exchanges (which provide similar market-based restrictions on the price of late auction orders),[38] and the DMM closing auction process on NYSE. Under NYSE Rule 7.35B(g), DMMs are responsible for deciding the Auction Price for a Closing Auction on NYSE and have significant discretion in determining what that Auction Price should be. NYSE describes the criteria for the DMM to decide on the Closing Price as follows: "the Auction Price must be at or between the last-published Imbalance Reference Price, which is the Exchange Last Sale Price bound by the Exchange BBO,[39] and the last-published non-zero Continuous Book Clearing Price, which is the price at which all better-priced orders eligible to trade in the Closing Auction on the Side of the Imbalance can be traded.[40] Rule 7.35B promotes determinism with respect to the Closing Auction because the Closing Auction Price must be within the predetermined range of prices that have been disseminated via the Closing

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38 BZX has identical late auction order functionality as the Exchange's current functionality – late auction orders in both the opening and closing auctions are collared by the NBBO. See BZX Rules 11.23(a)(12) and (13). Arca's opening auction does not allow cancel and cancel and replace requests for one minute prior to the Opening Auction and a Core Open Auction Imbalance Freeze occurs five seconds before the scheduled Core Open Auction. During this period the only orders accepted for auction participation are Limit Orders designated for the Core Trading Session and such orders are only allowed to participate in the Core Open Auction to offset an imbalance remaining after all orders entered before the Core Open Auction Imbalance Freeze. For the Arca closing auction, the Closing Auction Imbalance Freeze begins one minute prior to the closing auction. During this period, all LOC and MOC orders that are on the same side of the Total Imbalance, would flip the Total Imbalance, or would create a new Total Imbalance are rejected and no LOC Orders or MOC Orders can be cancelled or cancelled and replaced. See Arca Rule 7.35-E. Nasdaq's allows LOO orders to be entered until 9:29:30 a.m. but restricts LOO orders received after 9:28 a.m. to only be priced to the more aggressive of the 9:28 a.m. price or the previous day's official closing price. Similarly, LOC orders received after 3:55 p.m. are accepted at their limit price unless it is more aggressive than the 3:50 p.m. or the 3:55 p.m. Reference Prices, in which case it will be re-priced to the more aggressive of the two prices. Nasdaq accepts Imbalance Only orders for both the opening and closing auction and if those orders are re-priced to the best bid/ask price prior to the execution of the auction, up to their limit price. See Nasdaq Rules 4752 and 4754.

39 See NYSE Rule 7.35(a)(4)(C). In the case of a buy Imbalance, the Continuous Book Clearing Price would be the highest potential Closing Auction Price and in the case of a sell Imbalance, the Continuous Book Clearing Price would be the lowest potential Closing Auction Price.

40 See NYSE Rule 7.35B(e)(3).

Auction Imbalance Information and that cannot be changed after the end of Core Trading Hours."[41] Providing a market conditions-based price range at which the DMM can choose the auction price serves a similar function to the restrictions on late auction orders on other exchanges and the Participation Band restrictions on LOO.L and LOC.L orders entered after 9:28 a.m. and 3:58 p.m., respectively, being proposed herein. They all serve to allow for liquidity providers to participate in the auction process but in a way that does not impact the price of the auction in a way that diverges from the exchanges' respective chosen measure of "current market conditions." While the analysis above focuses on closing auctions, the Exchange believes that the points raised apply equally to opening auctions as well.

The Exchange further believes that its proposal to add a new third tie-breaker to the calculation of the TXSE Official Opening Price, TXSE Official Closing Price, and the Auction Only Price because the proposed change adds another tie breaker that is based on actual auction orders in the Auction Book before using the Volume Based Tie Breaker, which the Exchange believes better reflects actual market interest. Further, the proposed change is substantively identical to the rules of another exchange.

Finally, the Exchange believes that the proposed clarifying clean-up and corresponding numbering changes are consistent with the Act because they make the Exchange's Rules more clear and understandable. As it specifically relates to adding the phrase "that is a corporate security" in two places, the proposed rule change will correct a drafting error that now makes clear how the TXSE Official Closing Price is determined for non-corporate securities.

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41 See Securities Exchange Act Release No. 104887 (February 25, 2026), 91 FR 10175 (March 2, 2026) (File No. SR-NYSE-2026-11) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.35B(g)(2))

For these reasons, the Exchange believes that the proposed changes are consistent with the Act.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposal will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is designed to revise auctions on the Exchange to make it more transparent, robust, and deterministic. The Exchange believes that the proposed rule change would promote intermarket competition, particularly for issuers in connection with their determination of which exchange to select as a primary listing venue and among market participants that may decide to participate in auctions on the Exchange. The Exchange does not believe that 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. Competing exchanges have their own auction functionality and are free to adopt similar rules if they so choose.

The Exchange also does not believe that 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. All Members would be eligible to participate in the Exchange's auctions and all issuers would have their securities participate in the auctions on the same terms.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Stockholders, Participants or Others

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

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated

Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibit 2 – 4: Not applicable.

Exhibit 5: Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-_____________; File No. SR-TXSE-2026-006]

[Insert date]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing of a Proposed Rule Change to Amend Certain Parts of its Opening and Closing Auctions

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 [insert date], 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

The Exchange filed a proposal to amend certain parts of its Opening and Closing Auctions, as further described below.

The text of the proposed rule change is provided in Exhibit 5.

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

The Exchange proposes to amend Rule 11.022 to make certain changes to its Opening[3]

1 15 U.S.C. 78s(b)(1).
2 17 CFR 240.19b-4.
3 The Exchange's Opening Auction is described in Rule 11.022(b).

and Closing Auctions[4] to enhance the price discovery process and make the Exchange's auction process more robust. Specifically, the Exchange is proposing to make changes to its late limit order types, Late-Limit-On-Close ("LLOC")[5] and Late-Limit-On-Open ("LLOO" and, collectively with LLOC, "Late Auction Orders")[6] as currently described under Rule 11.022(a)(11) and (12), respectively, such that they will be constrained by recent transaction- and/or quotation-based calculations (described more fully below as "Participation Bands") rather than by the NBBO. The Exchange is also proposing to: (i) change the time that LOC,[7] MOC,[8] and LLOC orders can be submitted to the Exchange and prevent LOC, MOC, and LLOC orders from being amended or cancelled after 3:58 p.m. and to prevent Regular Hours Only ("RHO")[9]

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4 The Exchange's Closing Auction is described in Rule 11.022(c).

5 As provided in Rule 11.022(a)(11), the term "Late-Limit-On-Close" or "LLOC" means a TXSE limit order that is designated for execution only in the Closing Auction. To the extent a LLOC bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price.

6 As provided in Rule 11.022(a)(12), the term "Late-Limit-On-Open" or "LLOO" means a TXSE limit order that is designated for execution only in the Opening Auction. To the extent a LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOO bid or offer, respectively, will assume its entered limit price. Notwithstanding the foregoing, a LLOO order entered during the Quote-Only Period of an IPO will be converted to a limit order with a limit price equal to the original User entered limit price and any LLOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

7 As provided in Rule 11.022(a)(13), the term "Limit-On-Close" or "LOC" means a TXSE limit order that is designated for execution only in the Closing Auction.

8 As provided in Rule 11.022(a)(15), the term "Market-On-Close" or "MOC" means a TXSE market order that is designated for execution only in the Closing Auction.

9 As defined in Rule 11.006(o)(5), RHO means an instruction a User may attach to an order stating that an order to buy or sell is designated for execution only during Regular Trading Hours which includes the Opening Auction, the Closing Auction and IPO/Halt Auctions for TXSE-Listed securities and the Opening Process for non-TXSE-Listed securities (as such terms are defined in TXSE Rules 11.022 and 11.023) and, if not executed, expires at the end of Regular Trading Hours. Any order with a TIF instruction of RHO entered into the System after the closing of Regular Trading Hours will be rejected. Any portion of a market RHO order will be cancelled immediately following any auction in which it is not executed.

orders from being modified between 9:28 a.m. and 9:30 a.m.; (ii) change the information related to Opening and Closing Auctions that is disseminated prior to the auction; (iii) add an additional tiebreaker step to the waterfall it uses to break ties in determining the TXSE Official Opening Price,[10] TXSE Official Closing Price,[11] and to the Auction Only Price;[12] and (iv) change the name of LLOC and LLOO orders to "Limit-On-Close-Late" or "LOC.L" orders and "Limit-On-Open-Late" or "LOO.L." The Exchange is also proposing to make one clarifying change to Rule 11.022(c)(2)(B) and to make corresponding renumbering changes to Rule 11.022(a).

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[10] As provided in Rule 11.022(b)(2)(B), the Opening Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Opening Auction. In the event of a volume based tie at multiple price levels, the Opening Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Opening Auction price will be the price closest to the Volume Based Tie Breaker. The Opening Auction price will be the TXSE Official Opening Price. In the event that there is no Opening Auction for an issue, the TXSE Official Opening Price will be the price of the Final Last Sale Eligible Trade, which will be the previous TXSE Official Closing Price. As provided in Rule 11.022(a)(6), the term "Collar Price Range" shall mean the range from a set percentage below the Collar Midpoint (as defined below) to above the Collar Midpoint, such set percentage being dependent on the value of the Collar Midpoint at the time of the auction, as described below. The Collar Midpoint will be the Volume Based Tie Breaker for all applicable auctions, except for IPO Auctions (as defined below) in exchange traded products ("ETPs"), for which the Collar Midpoint will be the issue price. Specifically, the Collar Price Range will be determined as follows: where the Collar Midpoint is $25.00 or less, the Collar Price Range shall be the range from 10% below the Collar Midpoint to 10% above the Collar Midpoint; where the Collar Midpoint is greater than $25.00 but less than or equal to $50.00, the Collar Price Range shall be the range from 5% below the Collar Midpoint to 5% above the Collar Midpoint; and where the Collar Midpoint is greater than $50.00, the Collar Price Range shall be the range from 3% below the Collar Midpoint to 3% above the Collar Midpoint. As provided in current Rule 11.022(a)(22), the term "Volume Based Tie Breaker" shall mean the midpoint of the NBBO for a particular security where the NBBO is a Valid NBBO. A NBBO is a Valid NBBO where: (i) there is both a NBB and NBO for the security; (ii) the NBBO is not crossed; and (iii) the midpoint of the NBBO is less than the "Maximum Percentage" away from both the NBB and the NBO. The "Maximum Percentage" will be determined by the Exchange and will be published in a circular distributed to Members with reasonable advance notice prior to initial implementation and any change thereto. Where the NBBO is not a Valid NBBO, the price of the Final Last Sale Eligible Trade will be used.

[11] As provided in Rule 11.022(c)(2)(B), the Closing Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Closing Auction. In the event of a volume based tie at multiple price levels, the Closing Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the price closest to the Volume Based Tie Breaker.

[12] As provided in current Rule 11.022(a)(2), the term "Auction Only Price" means the price at which the most shares from the Auction Book would match. In the event of a volume based tie at multiple price levels, the Auction Only Price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Auction Only Price will be the price closest to the Volume Based Tie Breaker (as defined below).

Overview

Currently, between 9:28 a.m. and 9:30 a.m. and 3:59 p.m. and 4:00 p.m. Users[13] can submit Late Auction Orders for participation in the Opening Auction and Closing Auction, respectively. To the extent that such a Late Auction Order is priced more aggressively than the NBB[14] (for bids) or NBO (for offers), the price of such Late Auction Order bids and offers will be the NBB and NBO. Where the NBB or NBO becomes more aggressive, the limit price of the Late Auction Order bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the Late Auction Order bid or offer, respectively, will assume its entered limit price.

Because Late Auction Orders are the only Eligible Auction Order[15] that can be submitted after 9:28 a.m. and 3:59 p.m. and are constrained to the less aggressive side of the NBBO, the current Late Auction Order functionality limits Users' ability to enter marketable orders at a time critical to price formation and price discovery. Late Auction Order functionality also prevents liquidity providers from being able to support auction liquidity within the NBBO, which can lead to auction volatility, especially in securities with wider spreads. Finally, Late Auction Order

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13 As provided in Rule 1.005(jj), the term "User" means any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to TXSE Rule 11.003.

14 As provided in Rule 1.005(jj), the terms "National Best Bid" and "NBB" mean the national best bid; the terms "National Best Offer" and "NBO" shall mean the national best offer; and the term "NBBO" shall mean the national best bid or offer.

15 As provided in current 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).

functionality also creates uncertainty around executions in the Opening and Closing Auctions which hinders hedging activity for liquidity providers. As noted above, this inability to provide liquidity in Opening and Closing Auctions can result in significant price swings around the open and close and into the Opening and Closing Auctions.

Proposed Changes

As such, the Exchange is proposing to make several changes to its Opening and Closing Auctions. Specifically, the Exchange is proposing to change the functionality of Late Auction Orders such that they are constrained by the Participation Band,[16] a dynamic price band applied on a security-by-security basis that is based on quotes and/or trades in the applicable TXSE-listed security, instead of the NBBO. This will allow Late Auction Orders to be entered at prices that are more likely to be able to participate in the Opening and Closing Auction than current functionality while at the same time still constraining a Late Auction Order's limit price to mitigate volatility around the Opening and Closing Auction.[17] The Exchange is also proposing to make several changes related to cut-off times, the ability to modify Auction Eligible Orders, the way that tiebreakers are applied, the data disseminated prior to the Opening and Closing Auction,

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16 As defined in proposed Rule 11.022(a)(20), the term "Participation Band" means a dynamic price band within the Collar Price Range that is calculated on a security-by-security basis that is based on quotes and/or trades in the applicable TXSE-listed security over a lookback period of between two and 30 minutes or 20 and 500 events (i.e. quotes and/or trades). The specific methodology for the Participation Band calculation, including the weighting of inputs, lookback periods, and filtering criteria, shall be determined by the Exchange and set forth in a circular distributed to Members with 30-days advance notice prior to initial implementation and any material change thereto. The lower priced side of the Participation Band is the "Lower Band" and the higher priced side of the Participation Band is the "Upper Band."

The Exchange will utilize real-time transaction and/or quotation data from the consolidated tape to calculate the Participation Band for the applicable security and a mathematical calculation to determine a dynamic, symbol-specific price range within the Collar Price Range. The Participation Band is recalculated every five seconds between 9:28 a.m. and 9:30 a.m. for Opening Auctions and 3:58 p.m. and 4:00 p.m. for Closing Auctions.

17 As further discussed below, the Exchange believes that this functionality, combined with several of the Exchange's other rule changes proposed herein, will help enhance liquidity in the Opening and Closing Auctions while also mitigating volatility.

and to refer to LLOO orders as "Limit-On-Open-Late" or "LOO.L" orders and LLOC orders as "Limit-On-Close-Late" or "LOC.L" orders.

In order to accomplish these changes, the Exchange proposes to amend the definition of LLOO and LLOC under Rule 11.022(a)(12) and (11), respectively, to reflect that the names are changing to LOO.L and LOC.L, respectively. Late Auction Orders continue to represent a TXSE limit order that is designated for execution only in the Opening or Closing Auction, as applicable. Late Auction Orders cannot be amended or cancelled after entry. To the extent that Late Auction Order bids and offers received by the Exchange have a limit price that is more aggressive than the Upper Band or Lower Band, respectively, immediately prior to the Opening or Closing Auction, as applicable, the price of such bid or offer is adjusted to be equal to the Upper Band or Lower Band, respectively.

The Exchange is also proposing to change the information that it disseminates before the Opening and Closing Auction. Rule 11.022(b)(2)(A) currently provides that beginning at 8:00 a.m. and disseminated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares, and Reference Sell Shares associated with the Opening Auction will be disseminated via electronic means until the Opening Auction occurs. Similarly, Rule 11.022(c)(2) currently provides that beginning at 3:00 p.m. and updated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares, and Reference Sell Shares associated with the Closing Auction will be disseminated via electronic means until the Closing Auction occurs. The Exchange is instead proposing to disseminate information related to the Opening and Closing Auction in two separate periods:

first, the Exchange will disseminate Matched Shares[18] and the Offset Side[19] associated with the applicable auction every five seconds between 8:00 a.m and 9:28 a.m. for Opening Auctions and between 3:00 p.m. and 3:58 p.m. for Closing Auctions; beginning at 9:28 a.m. for Opening Auctions and 3:58 p.m. for Closing Auctions, the Exchange will disseminate the Participation Band, the Lower Band Auction Interest,[20] and the Upper Band Auction Interest.[21] Such data will be updated every five seconds. The Lower Band Auction Interest and Upper Band Auction Interest provide participants with visibility into buy and sell interest at the boundaries of the Participation Band. By comparing quantities at each boundary and observing how those quantities change, participants can assess the relative balance of supply and demand within the band. This informs decisions about the size, direction, and pricing of any Late Auction Orders or Continuous Book[22] interest they may wish to enter during the final two minutes of trading.[23]

The Exchange is also proposing to amend Rule 11.022(c)(1)(A) and (B) in order to provide that LOC and MOC orders may be submitted until 3:58 p.m. instead of 3:59 p.m., that

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[18] As proposed in Rule 11.022(a)(18), the term "Matched Shares" means the number of shares that would match at the Auction Only Price.

[19] As proposed in Rule 11.022(a)(19), the term "Offset Side" means the side (either Buy, Sell, or Equal) for which there are more shares available if a Closing Auction took place at the Auction Only Price. Where there are the same number of shares on the buy side and the sell side, the Offset Side will be "Equal".

[20] As proposed in Rule 11.022(a)(15), the term "Lower Band Auction Interest" means the number of Eligible Auction Order shares to buy that are priced equal to or more aggressively than the Lower Band and the number of Eligible Auction Order shares to sell that are priced equal to or more aggressively than the Lower Band.

[21] As proposed in Rule 11.022(a)(26), the term "Upper Band Auction Interest" means the number of Eligible Auction Order shares to buy that are priced equal to or more aggressively than the Upper Band and the number of Eligible Auction Order shares to sell that are priced equal to or more aggressively than the Upper Band.

[22] As defined in Rule 11.022(a)(7), the term "Continuous Book" means all orders on the TXSE Book that are not Eligible Auction Orders.

[23] These data points are designed to provide market makers and LMMs with the information necessary to make informed decisions about providing liquidity in the Opening and Closing Auctions. Specifically, the dissemination of Matched Shares and the Offset Side beginning at 8:00 a.m. and 3:00 p.m. enables liquidity providers to assess the direction and magnitude of order flow, while the dissemination of the Participation Band, Lower Band Auction Interest, and Upper Band Auction Interest beginning at 9:28 a.m. and 3:58 p.m. enables them to calibrate the pricing and size of Late Auction Orders within the constraints of the band. Together, these data points reduce the informational uncertainty that might otherwise discourage liquidity provision in the Exchange's Opening and Closing Auction processes.

LOC.L orders (formerly LLOC orders) can be submitted starting at 3:58 p.m. instead of 3:59 p.m., and that Eligible Auction Orders may not be modified or cancelled after 3:58 p.m. whereas they were previously non-cancellable after 3:59 p.m. and could be modified any time prior to the Closing Auction. Similarly, the Exchange is proposing to delete text in Rule 11.022(b)(1)(B) to provide that RHO orders cannot be modified or cancelled between 9:28 a.m. and 9:30 a.m. in order to ensure consistent treatment across Eligible Auction Orders in the Opening Auction. The Exchange is proposing these changes in order to both align the functionality across its Opening and Closing Auctions and to create a longer period before an auction in which Eligible Auction Orders cannot be cancelled or modified, providing greater certainty around the liquidity available in Exchange auctions in support of price formation. The Exchange is not proposing to make any equivalent changes for MOO, LOO, or LOO.L orders in Opening Auctions because the Opening Auction rules already reflect this same functionality beginning at 9:28 a.m. (two minutes before the Opening Auction occurs).

The Exchange is also proposing to add one additional step to the waterfall that it uses to break ties in determining the TXSE Official Opening Price, TXSE Official Closing Price, and Auction Only Price. Currently, Rule 11.022(c)(2)(B) provides that the Closing Auction price will be established by: (i) determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book[24] in the Closing Auction; (ii) in the event of a volume based tie at multiple price levels, the Closing Auction price will be the price which results in the minimum total imbalance; and (iii) in the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price

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[24] As defined in Rule 11.022(a)(1), the term “Auction Book” means all Eligible Auction Orders (as defined below) on the TXSE Book.

will be the price closest to the Volume Based Tie Breaker. The Opening Auction has an identical tie-breaking waterfall.[25] The Exchange is proposing to add a new step to this process before step (iii) which states that "in the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the entered price at which shares will remain unexecuted in the Closing Auction." If more than one price exists under this new step (iii), the Closing Auction price would then be the price closest to the Volume Based Tie Breaker. The Exchange notes that this proposed change is substantively identical to Nasdaq Rule 4754(b)(2)(C). The Exchange is proposing to make equivalent changes to the Opening Auction under Rule 11.022(b)(2)(B) and the definition of Auction Only Price in Rule 11.022(a)(2).

Examples

The following examples are based on the Closing Auction and Closing Auction orders, including MOC, LOC, and LOC.L, but the same scenarios in the Opening Auction with MOO, LOO, and LOO.L orders would yield identical results.

Example 1 (Data Calculation and LOC.L Basics):

Below is a snapshot of the Auction Book and Continuous Book immediately prior to 3:58:00 p.m. where the Volume Based Tie Breaker is $50.10.

Auction Book Prior to 3:58:00 p.m.

Time	Order	Side	Type	Limit	Shares
3:05:00	Order A	Sell	MOC	N/A	4,000
3:30:00	Order B	Buy	LOC	$50.10	2,000

Continuous Book

Time	Order	Side	Type	Limit	Shares

25 See Exchange Rule 11.022(b)(2)(B).

3:55:15	Order C	Buy	Displayed Limit	$50.00	2,000
3:57:00	Order D	Sell	Displayed Limit	$50.10	4,000

Before 3:58 p.m. the Exchange is proposing to disseminate Matched Shares and Offset Side every five seconds, both of which are calculated based on the Auction Only Price[26] at that time. Based on the above Auction Book, the Auction Only Price would be $50.10 and 2,000 shares would execute.[27] This means that the Exchange would disseminate a Matched Shares of 2,000 and an Offset Side of Sell.

LOC.L Orders Entered After 3:58:00 p.m.

At 3:58:00 p.m. all Eligible Auction Orders (MOCs and LOCs) may no longer be modified or cancelled and LOC.L Orders are the only Eligible Auction Orders that can be entered. As described above, the Exchange is proposing that such LOC.L orders can be entered at their limit price without restriction but cannot be modified or cancelled. Immediately prior to the Closing Auction, LOC.L bids and offers that have a limit price that is more aggressive than the Upper Band or Lower Band, respectively, will be adjusted to be equal to the Upper Band or

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26 As defined in proposed amended Rule 11.022(a)(2), the term "Auction Only Price" means the price at which the most shares from the Auction Book would match. In the event of a volume based tie at multiple price levels, the Auction Only Price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the entered price at which shares will remain unexecuted in the Closing Auction. In the event of a volume based tie, a tie in minimum total imbalance, and a tie in shares unexecuted at multiple price levels, the Auction Only Price will be the price closest to the Volume Based Tie Breaker (as defined below).

27 This calculation provides an example of the proposed new tie breaker language in Rule 11.022(a)(2). In determining the Auction Only Price as proposed, 2,000 shares would execute at each price level below $50.10 with an imbalance of 2,000 shares. In the event of a volume-based tie at multiple price levels and a tie in minimum total imbalance at multiple price levels, the Auction Only Price will be the entered price at which shares will remain unexecuted. Here, there are no price levels at which an entered price will have unexecuted shares (Order B executes fully and Order A has no entered price), so the Auction Only Price will be the price closest to the Volume Based Tie Breaker. Because the Volume Based Tie Breaker is $50.10, the Auction Only Price would be $50.10 and because there are 2,000 buy shares and 4,000 sell shares at $50.10, the Offset Side would be "Sell."

Lower Band, respectively.

For purposes of this example, the Participation Band is $49.80 x $50.20.

Time	Order	Side	Type	Limit	Shares
3:59:00	Order E	Buy	LOC.L	$50.10	5,000
3:59:30	Order F	Sell	LOC.L	$49.00	2,000

At 3:58:00 p.m., the Exchange will also start calculating and disseminating the following values in every five seconds: (i) the Participation Band (which includes both the Lower Band and the Upper Band); (ii) the Lower Band Auction Interest (which includes both the buy shares and the sell shares); (iii) and the Upper Band Auction Interest (which also includes both the buy shares and the sell shares.

The Lower Band Auction Interest buy shares includes all bids that are Eligible Auction Orders priced more aggressively than the Lower Band ($49.80). At 3:58, the Lower Band Auction Interest buy shares is calculated as follows: Order B (2,000 shares at $50.10) = 2,000 shares. When Order E (5,000 shares at $50.10) comes in at 3:59:00, Lower Band Auction Interest buy shares would increase to 7,000 shares.

The Lower Band Auction Interest sell shares includes all offers that are Eligible Auction Orders priced more aggressively than the Lower Band ($49.80). At 3:58, the Lower Band Auction Interest sell shares is calculated as follows: Order A (4,000 shares at market) = 4,000 shares. When Order F (2,000 shares at $49.00) comes in at 3:59:30, Lower Band Auction interest sell shares would increase to 6,000 shares.

The Upper Band Auction Interest buy shares includes all bids that are Eligible Auction Orders priced more aggressively than the Upper Band ($50.20). At 3:58, the Upper Band Auction Interest buy shares is calculated as follows: no Eligible Auction Orders to buy priced more aggressively than $50.20 = 0 shares. There are no subsequent LOC.L buy orders priced more aggressively than $50.20, so there are no changes to the Upper Band Auction Interest buy shares.

The Upper Band Auction Interest sell shares includes all offers that are Eligible Auction Orders priced more aggressively than the Upper Band ($50.20). At 3:58, the Upper Band Auction Interest sell shares is calculated as follows: Order A (4,000 shares at market) = 4,000 shares. When Order F (2,000 shares at $49.00) comes in at 3:59:30, Upper Band Auction interest sell shares would increase to 6,000 shares.

Complete Order Book Immediately Prior to Closing Auction Sorted by Priority

Time	Order	Side	Type	Limit	Shares
3:05:00	Order A	Sell	MOC	N/A	4,000
3:59:30	Order F	Sell	LOC.L	$49.00	2,000
3:57:00	Order D	Sell	Displayed Limit	$50.10	4,000

Time	Order	Side	Type	Limit	Shares
3:59:00	Order E	Buy	LOC.L	$50.10	5,000
3:30:00	Order B	Buy	LOC	$50.10	2,000
3:55:15	Order C	Buy	Displayed Limit	$50.00	2,000

Immediately prior to the beginning of the Closing Auction process, LOC.L bids and offers that have a limit price more aggressive than the Upper Band or Lower Band, respectively, will be adjusted to be equal to the Upper Band or Lower Band, respectively. Here, there are two LOC.L orders: Order E and Order F. Order F is a sell order with a limit price of $49.00, which is more aggressive than the Lower Band of $49.80, so it will be adjusted to a limit price of $49.80 for participation in the Closing Auction. Order E is a buy order with a limit price of $50.10, which is less aggressive than the Upper Band of $50.20, so it will not be adjusted and will participate in the Closing Auction with a limit price of $50.10.

Complete Order Book for Closing Auction Sorted by Priority

Time	Order	Side	Type	Limit	Shares
3:05:00	Order A	Sell	MOC	N/A	4,000
3:59:30	Order F	Sell	LOC.L	$49.80	2,000
3:57:00	Order D	Sell	Displayed Limit	$50.10	4,000

Time	Order	Side	Type	Limit	Shares
3:59:00	Order E	Buy	LOC.L	$50.10	5,000
3:30:00	Order B	Buy	LOC	$50.10	2,000
3:55:15	Order C	Buy	Displayed Limit	$50.00	2,000

Based on the above combined Auction Order Book and Continuous Order Book, 4,000 shares would execute at every price up to $49.79, 6,000 shares would execute between $49.80 and $50.09, 7,000 shares would execute at $50.10, and 0 shares would execute above $50.10. Based on the logic in Rule 11.022(c)(2)(B), which provides that the Closing Auction will occur at the price level within the Collar Price Range[28] that maximizes the number of shares executed between the Continuous Book and Auction Book, the Closing Auction would occur at $50.10.

In this instance, the adjustment of Order F did not impact the price of the Closing Auction because the most shares that could execute would have been at $50.10 (still 7,000 shares) even if the LOC.L was priced at $49.00 (would have been 6,000 shares at each price level between $49.00 and $50.09 instead of $49.80 and $50.09).

Example 2 (Participation Bands Impact Closing Auction Price):

Taking the same example as above, but in this example Order F is for 10,000 shares instead of 2,000, and one additional order is entered as follows:

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[28] The Exchange notes that because it is not proposing to make any changes to the Collar Price Range in this proposal, it is not discussing the Collar Price Range in the examples in this filing in order to keep the examples as straight-forward as possible as it relates to the rules that it is proposing to change.

Time	Order	Side	Type	Limit	Shares
3:59:30	Order F	Sell	LOC.L	$49.00	10,000
3:59:50	Order G	Buy	LOC.L	$49.00	1,000

In this instance, Order F would again be adjusted to a limit price of $49.80 because it is an LOC.L sell order that is priced more aggressively than the Lower Band. Order G would not be adjusted because it is an LOC.L buy order that is not priced more aggressively than the Upper Band. Based on updated orders and the new combined Auction Order Book and Continuous Book, 4,000 shares would execute at every price up to $49.79, 9,000 shares would execute between $49.80 and $50.00, 7,000 shares would execute between $50.01 and $50.10, and 0 shares would execute above $50.10. Based on the logic in Rule 11.022(c)(2)(B), which provides that the Closing Auction will occur at the price level within that maximizes the number of shares executed between the Continuous Book and Auction Book, there would be a volume based tie between $49.80 and $50.00.[29] The next step is to find the price level within that range that minimizes the imbalance, but every price in that range has an imbalance of 5,000 sell shares. The next step (which is the proposed new tie breaker functionality) is to find the entered price at which shares will remain unexecuted in the Closing Auction, and here the only entered price within the range at which shares will remain unexecuted is $49.80 (Order F's adjusted price). Therefore, 9,000 shares would execute in the Closing Auction at $49.80.

In this instance, the adjustment of Order F did impact the price of the Closing Auction because the most shares that could execute would have been at $49.00 if the LOC.L was priced at $49.00 (would have been 10,000 shares that could have executed at $49.00, greater than any other price level). Consistent with the logic above, the Participation Bands, which are based on

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29 The Exchange notes that Rule 11.022(c)(2)(B) specifically refers to the price level within the Collar Price Range that maximizes the number of shares executed, but is intentionally not including the Collar Price Range in the examples in this proposal in order to prevent the overcomplication of these examples in areas of its rules that it is not proposing to change.

actual executions and quotes in the market, allowed price formation to occur in the Closing Auction within reasonable market-based bounds.

Policy Argument

The Exchange believes that these proposed changes collectively provide a deterministic, market-based solution to creating orderly closing auctions that is conceptually similar to both the Exchange's current functionality (gating Late Auction Orders based on market conditions, which under current Exchange Rules are the NBB and NBO), other similar late auction order functionality on other exchanges (which provide similar market-based restrictions on the price of late auction orders),[30] and the Designated Market Maker ("DMM") closing auction process on New York Stock Exchange LLC ("NYSE"). Under NYSE Rule 7.35B(g), DMMs are responsible for deciding the Auction Price for a Closing Auction on NYSE and have significant discretion in determining what that Auction Price should be. NYSE describes the criteria for the DMM to decide on the Closing Price as follows: "the Auction Price must be at or between the last-published Imbalance Reference Price, which is the Exchange Last Sale Price bound by the

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30 Cboe BZX Exchange, Inc. ("BZX") has identical late auction order functionality as the Exchange's current functionality – late auction orders in both the opening and closing auctions are collared by the NBBO. See BZX Rules 11.23(a)(12) and (13). NYSE Arca, Inc.'s ("Arca") opening auction does not allow cancel and cancel and replace requests for one minute prior to the Opening Auction and a Core Open Auction Imbalance Freeze occurs five seconds before the scheduled Core Open Auction. During this period the only orders accepted for auction participation are Limit Orders designated for the Core Trading Session and such orders are only allowed to participate in the Core Open Auction to offset an imbalance remaining after all orders entered before the Core Open Auction Imbalance Freeze. For the Arca closing auction, the Closing Auction Imbalance Freeze begins one minute prior to the closing auction. During this period, all LOC and MOC orders that are on the same side of the Total Imbalance, would flip the Total Imbalance, or would create a new Total Imbalance are rejected and no LOC Orders or MOC Orders can be cancelled or cancelled and replaced. See Arca Rule 7.35-E. Nasdaq Stock Market LLC's ("Nasdaq") allows LOO orders to be entered until 9:29:30 a.m. but restricts LOO orders received after 9:28 a.m. to only be priced to the more aggressive of the 9:28 a.m. price or the previous day's official closing price. Similarly, LOC orders received after 3:55 p.m. are accepted at their limit price unless it is more aggressive than the 3:50 p.m. or the 3:55 p.m. Reference Prices, in which case it will be re-priced to the more aggressive of the two prices. Nasdaq accepts Imbalance Only orders for both the opening and closing auction and if those orders are re-priced to the best bid/ask price prior to the execution of the auction, up to their limit price. See Nasdaq Rules 4752 and 4754

Exchange BBO,[31] and the last-published non-zero Continuous Book Clearing Price, which is the price at which all better-priced orders eligible to trade in the Closing Auction on the Side of the Imbalance can be traded.[32] Rule 7.35B promotes determinism with respect to the Closing Auction because the Closing Auction Price must be within the predetermined range of prices that have been disseminated via the Closing Auction Imbalance Information and that cannot be changed after the end of Core Trading Hours."[33] Providing a market conditions-based price range at which the DMM can choose the auction price serves a similar function to the restrictions on late auction orders on other exchanges and the Participation Band restrictions on LOO.L and LOC.L orders entered after 9:28 a.m. and 3:58 p.m., respectively, They all serve to allow for liquidity providers to participate in the auction process but in a way that does not impact the price of the auction in a way that diverges from the exchanges' respective chosen measure of "current market conditions." While the analysis above focuses on closing auctions, the Exchange believes that the points raised apply equally to opening auctions as well.

To this point, the Exchange believes that restricting the price of Late Auction Order bids and offers to the Upper Band and Lower Band, respectively, immediately prior to the Opening and Closing Auction is a reasonable way to ensure that participants are able to add liquidity in Opening and Closing Auctions on the Exchange while mitigating volatility and ensuring that Opening and Closing Auctions remain tethered to market conditions in a security.[34] The data

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31 See NYSE Rule 7.35(a)(4)(C). In the case of a buy Imbalance, the Continuous Book Clearing Price would be the highest potential Closing Auction Price and in the case of a sell Imbalance, the Continuous Book Clearing Price would be the lowest potential Closing Auction Price.

32 See NYSE Rule 7.35B(e)(3).

33 See Securities Exchange Act Release No. 104887 (February 25, 2026), 91 FR 10175 (March 2, 2026) (File No. SR-NYSE-2026-11) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.35B(g)(2))

34 As noted above, the Participation Bands are calculated utilizing real-time transaction and/or quotation data from the consolidated tape for the applicable security and a mathematical calculation to determine a dynamic, symbol-specific price range within the Collar Price Range and will be disseminated every five seconds between 3:58 p.m. and 4:00 p.m.

points that the Exchange is proposing to disseminate prior to its Opening and Closing Auctions further bolster this ability. The Exchange believes that the examples above support this belief.

Clarifying Changes

Finally, the Exchange is proposing to add a clarifying clean-up change in Rule 11.022(c)(2)(B) to add the phrase "that is a corporate security" in two places in order to make the following language clear "For a TXSE-Listed Security *that is a corporate security*, the Closing Auction price will be the TXSE Official Closing Price. In the event that there is no Closing Auction for a TXSE-Listed Security *that is a corporate security*, the TXSE Official Closing Price will be the price of the Final Last Sale Eligible Trade." Without this clarifying language, the following sentence related to "The TXSE Official Closing Price for all other TXSE-Listed Securities will be determined as follows:" would never apply. The language under this provision is intended to apply to ETFs in order to find a TXSE Official Closing Price for ETFs where there is less than one round lot executed in the Closing Auction and without the qualifier "that is a corporate security" all securities would have their TXSE Official Closing Price determined by the preceding language. The Exchange is also proposing to renumber certain defined terms under Rule 11.022(a) in order to accommodate the new definitions proposed herein.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[35] in general, and furthers the objectives of Section 6(b)(5) of the Act,[36] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and

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35 15 U.S.C. 78f(b).
36 15 U.S.C. 78f(b)(5).

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 that the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that the proposed changes to LOO.L and LOC.L functionality, the new data points that will be provided in advance of the Opening and Closing Auctions, and the changes to the timing and cancellability of RHO, MOC, LOC, and LOC.L orders collectively provide a deterministic, market-based solution to creating orderly auctions. To this point, the Exchange believes that restricting the price of Late Auction Order bids and offers to the Upper Band and Lower Band, respectively, immediately prior to the Opening and Closing Auction is a reasonable way to ensure that participants are able to add liquidity in Opening and Closing Auctions on the Exchange while mitigating volatility and ensuring that Opening and Closing Auctions remain tethered to market conditions in a security.[37] The data points that the Exchange is proposing to disseminate prior to its Opening and Closing Auctions further bolster this ability.

The Exchange also notes that the proposed Late Auction Order functionality is conceptually similar to both the Exchange's current functionality (gating Late Auction Orders based on market conditions, which under current Exchange Rules are the NBB and NBO), other

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[37] As noted above, the Participation Bands are calculated utilizing real-time transaction and/or quotation data from the consolidated tape for the applicable security and a mathematical calculation to determine a dynamic, symbol-specific price range within the Collar Price Range and will be disseminated every five seconds between 3:58 p.m. and 4:00 p.m.

similar late auction order functionality on other exchanges (which provide similar market-based restrictions on the price of late auction orders),[38] and the DMM closing auction process on NYSE. Under NYSE Rule 7.35B(g), DMMs are responsible for deciding the Auction Price for a Closing Auction on NYSE and have significant discretion in determining what that Auction Price should be. NYSE describes the criteria for the DMM to decide on the Closing Price as follows: “the Auction Price must be at or between the last-published Imbalance Reference Price, which is the Exchange Last Sale Price bound by the Exchange BBO,[39] and the last-published non-zero Continuous Book Clearing Price, which is the price at which all better-priced orders eligible to trade in the Closing Auction on the Side of the Imbalance can be traded.[40] Rule 7.35B promotes determinism with respect to the Closing Auction because the Closing Auction Price must be within the predetermined range of prices that have been disseminated via the Closing Auction Imbalance Information and that cannot be changed after the end of Core Trading

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38 BZX has identical late auction order functionality as the Exchange’s current functionality – late auction orders in both the opening and closing auctions are collared by the NBBO. See BZX Rules 11.23(a)(12) and (13). Arca’s opening auction does not allow cancel and cancel and replace requests for one minute prior to the Opening Auction and a Core Open Auction Imbalance Freeze occurs five seconds before the scheduled Core Open Auction. During this period the only orders accepted for auction participation are Limit Orders designated for the Core Trading Session and such orders are only allowed to participate in the Core Open Auction to offset an imbalance remaining after all orders entered before the Core Open Auction Imbalance Freeze. For the Arca closing auction, the Closing Auction Imbalance Freeze begins one minute prior to the closing auction. During this period, all LOC and MOC orders that are on the same side of the Total Imbalance, would flip the Total Imbalance, or would create a new Total Imbalance are rejected and no LOC Orders or MOC Orders can be cancelled or cancelled and replaced. See Arca Rule 7.35-E. Nasdaq’s allows LOO orders to be entered until 9:29:30 a.m. but restricts LOO orders received after 9:28 a.m. to only be priced to the more aggressive of the 9:28 a.m. price or the previous day’s official closing price. Similarly, LOC orders received after 3:55 p.m. are accepted at their limit price unless it is more aggressive than the 3:50 p.m. or the 3:55 p.m. Reference Prices, in which case it will be re-priced to the more aggressive of the two prices. Nasdaq accepts Imbalance Only orders for both the opening and closing auction and if those orders are re-priced to the best bid/ask price prior to the execution of the auction, up to their limit price. See Nasdaq Rules 4752 and 4754.

39 See NYSE Rule 7.35(a)(4)(C). In the case of a buy Imbalance, the Continuous Book Clearing Price would be the highest potential Closing Auction Price and in the case of a sell Imbalance, the Continuous Book Clearing Price would be the lowest potential Closing Auction Price.

40 See NYSE Rule 7.35B(e)(3).

Hours."[41] Providing a market conditions-based price range at which the DMM can choose the auction price serves a similar function to the restrictions on late auction orders on other exchanges and the Participation Band restrictions on LOO.L and LOC.L orders entered after 9:28 a.m. and 3:58 p.m., respectively, being proposed herein. They all serve to allow for liquidity providers to participate in the auction process but in a way that does not impact the price of the auction in a way that diverges from the exchanges' respective chosen measure of "current market conditions." While the analysis above focuses on closing auctions, the Exchange believes that the points raised apply equally to opening auctions as well.

The Exchange further believes that its proposal to add a new third tie-breaker to the calculation of the TXSE Official Opening Price, TXSE Official Closing Price, and the Auction Only Price because the proposed change adds another tie breaker that is based on actual auction orders in the Auction Book before using the Volume Based Tie Breaker, which the Exchange believes better reflects actual market interest. Further, the proposed change is substantively identical to the rules of another exchange.

Finally, the Exchange believes that the proposed clarifying clean-up and corresponding numbering changes are consistent with the Act because they make the Exchange's Rules more clear and understandable. As it specifically relates to adding the phrase "that is a corporate security" in two places, the proposed rule change will correct a drafting error that now makes clear how the TXSE Official Closing Price is determined for non-corporate securities.

For these reasons, the Exchange believes that the proposed changes are consistent with the Act.

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41 See Securities Exchange Act Release No. 104887 (February 25, 2026), 91 FR 10175 (March 2, 2026) (File No. SR-NYSE-2026-11) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.35B(g)(2))

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposal will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is designed to revise auctions on the Exchange to make it more transparent, robust, and deterministic. The Exchange believes that the proposed rule change would promote intermarket competition, particularly for issuers in connection with their determination of which exchange to select as a primary listing venue and among market participants that may decide to participate in auctions on the Exchange. The Exchange does not believe that 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. Competing exchanges have their own auction functionality and are free to adopt similar rules if they so choose.

The Exchange also does not believe that 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. All Members would be eligible to participate in the Exchange's auctions and all issuers would have their securities participate in the auctions on the same terms.

(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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. By order approve or disapprove such proposed rule change; or

B. Institute proceedings to determine whether the proposed rule change should be 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 e-mail to rule-comments@sec.gov. Please include File No. SR-TXSE-2026-006 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-2026-006. 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-2026-006 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.[42]

Sherry R. Haywood,

Assistant Secretary.

[42] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

Rules of Texas Stock Exchange LLC

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CHAPTER 11. TRADING RULES

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Rule 11.022 Auctions

(a) Definitions

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(2) The term "Auction Only Price" shall mean the price at which the most shares from the Auction Book would match. In the event of a volume based tie at multiple price levels, the Auction Only Price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Auction Only Price will be the entered price at which shares would remain unexecuted. In the event of a volume based tie, a tie in minimum total imbalance, and a tie in shares unexecuted at multiple price levels, the Auction Only Price will be the price closest to the Volume Based Tie Breaker (as defined below).

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(8) The term "Eligible Auction Order" shall mean any MOO, LOO, [LLOO]LOO.L, MOC, LOC or [LLOC]LOC.L 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).

With regard to an IPO Auction in a TXSE-Listed Security, the restrictions on Eligible Auction Orders in paragraphs (A), (B) and (C) below would apply.

(A) The following types of orders shall not be eligible to participate in an IPO Auction and will be rejected:

(i) Pegged Orders, Midpoint Peg Orders, Market Maker Peg Orders, Market Peg Orders;

(ii) Minimum Execution Quantity Orders;

(iii) MOC, LOC and [LLOC]LOC.L orders; and

(iv) Orders with a Time-in-Force instruction of GTT with an expiration time earlier than 4:00 p.m. Eastern Time.

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(11) The term "[Late-]Limit-On-Close-Late" or "[LLOC]LOC.L" shall mean a TXSE limit order that is designated for execution only in the Closing Auction. LOC.L orders cannot be amended or cancelled after entry. To the extent that [a LLOC]LOC.L bids [or]and offers received by the Exchange [has]have a limit price that is more aggressive than the [NBB]Upper Band or [NBO]Lower Band, respectively, immediately prior to the Closing Auction, the price of such bid or offer is adjusted to be equal to the [NBB]Upper Band or [NBO]Lower Band, respectively.[, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price.]

(12) The term "[Late-]Limit-On-Open-Late" or "[LLOO]LOO.L" shall mean a TXSE limit order that is designated for execution only in the Opening Auction. LOO.L orders cannot be amended or cancelled after entry. To the extent that [a LLOO]LOO.L bids [or]and offers received by the Exchange [has]have a limit price that is more aggressive than [the NBB or NBO]Upper Band or Lower Band, respectively, immediately prior to the Opening Auction, the price of such bid or offer is adjusted to be equal to the [NBB or NBO]Upper Band or Lower Band, respectively[, at the time of receipt by the Exchange]. [Where the NBB or NBO becomes more aggressive, the limit price of the LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit

price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOO bid or offer, respectively, will assume its entered limit price.]Notwithstanding the foregoing, a [LLOO]LOO.L order entered during the Quote-Only Period of an IPO will be converted to a limit order with a limit price equal to the original User entered limit price and any [LLOO]LOO.L orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

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(15) The term "Lower Band Auction Interest" shall mean the number of Eligible Auction Order shares to buy that are priced equal to or more aggressively than the Lower Band and the number of Eligible Auction Order shares to sell that are priced equal to or more aggressively than the Lower Band.

(16) The term "Market-On-Close" or "MOC" shall mean a TXSE market order that is designated for execution only in the Closing Auction.

([16]17) The term "Market-On-Open" or "MOO" shall mean a TXSE market order that is designated for execution only in the Opening Auction. Notwithstanding the foregoing, a MOO order entered during the Quote-Only Period of an IPO will be converted to a market order and any MOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

([17]18) The term "Matched Shares" shall mean the number of shares that would match at the Auction Only Price.

(19) The term "Offset Side" shall mean the side (either Buy, Sell, or Equal) for which there are more shares available if a Closing Auction took place at the Auction Only Price. Where there are the same number of shares on the buy side and the sell side, the Offset Side will be "Equal".

(20) The term "Participation Band" shall mean a dynamic price band within the Collar Price Range that is calculated on a security-by-security basis that is based on quotes and/or trades in the applicable TXSE-listed security over a lookback period of between two and 30 minutes or 20 and 500 events (i.e. quotes and/or trades). The specific methodology for the Participation Band calculation, including the weighting of inputs, lookback periods, and filtering criteria, shall be determined by the Exchange and set forth in a circular distributed to Members with 30-days advance notice prior to initial implementation and any material change thereto. The lower priced side of

the Participation Band is the “Lower Band” and the higher priced side of the Participation Band is the “Upper Band.”

(21) The term "Quote-Only Period" shall mean a designated period of time prior to a Halt Auction, a Volatility Closing Auction or an IPO Auction during which Users may submit orders to the Exchange for participation in the auction.

([18]22) The term "Reference Buy Shares" shall mean the total number of shares associated with buy-side Eligible Auction Orders that are priced equal to or greater than the Reference Price (as defined below).

([19]23) The term "Reference Price," for the purposes of this TXSE Rule 11.022, shall mean the price within the Reference Price Range that maximizes the number of Eligible Auction Order shares associated with the lesser of the Reference Buy Shares and the Reference Sell Shares as determined at each price level within the Reference Price Range, that minimizes the absolute difference between Reference Buy Shares and Reference Sell Shares and minimizes the distance from the Volume Based Tie Breaker.

([20]24) The term "Reference Price Range" shall mean the range from the NBB to the NBO for a particular security. In the event that there is either no NBB or NBO for the security, the price of the Final Last Sale Eligible Trade will be used.

([21]25) The term "Reference Sell Shares" shall mean the total number of shares associated with sell-side Eligible Auction Orders that are priced equal to or less than the Reference Price.

(26) The term “Upper Band Auction Interest” shall mean the number of Eligible Auction Order shares to buy that are priced equal to or more aggressively than the Upper Band and the number of Eligible Auction Order shares to sell that are priced equal to or more aggressively than the Upper Band.

([22]27) The term "Volume Based Tie Breaker" shall mean the midpoint of the NBBO for a particular security where the NBBO is a Valid NBBO. A NBBO is a Valid NBBO where: (i) there is both a NBB and NBO for the security; (ii) the NBBO is not crossed; and (iii) the midpoint of the NBBO is less than the "Maximum Percentage" away from both the NBB and the NBO. The "Maximum Percentage" will be determined by the Exchange and will be published in a circular distributed to Members with reasonable advance notice prior to initial implementation and any change thereto. Where the NBBO is not a Valid NBBO, the price of the Final Last Sale Eligible Trade will be used.

(b) Opening Auction

(1) Order Entry and Cancellation Before Opening Auction

(A) Users may submit orders to the Exchange as set forth in TXSE Rule 11.001. Any Eligible Auction Orders designated for the Opening Auction will be queued until 9:30 a.m. at which time they will be eligible to be executed in the Opening Auction. Users may submit LOO and MOO orders until 9:28 a.m., at which point any additional LOO and MOO orders submitted to the Exchange will be rejected. RHO market orders will also be rejected between 9:28 a.m. and 9:30 a.m. Users may submit [LLOO]<u>LOO.L</u> orders between 9:28 a.m. and 9:30 a.m. Any [LLOO]<u>LOO.L</u> orders submitted before 9:28 a.m. or after 9:30 a.m. will be rejected. RHO limit orders submitted between 9:28 a.m. and 9:30 a.m. will be treated as [LLOO]<u>LOO.L</u> orders until the Opening Auction has concluded.

(B) Eligible Auction Orders designated for the Opening Auction may not be cancelled or modified between 9:28 a.m. and 9:30 a.m.[except that RHO limit orders designated for the Opening Auction may be modified, but not cancelled, between 9:28 a.m. and 9:30 a.m. Any such RHO limit orders modified between 9:28 a.m. and 9:30 a.m. will be treated as LLOO orders until the Opening Auction has concluded.]

(C) Orders eligible for execution in the Pre-Market Session may be cancelled or modified at any time prior to execution.

(2) Opening Auction Process. The Exchange will conduct an Opening Auction for all TXSE-Listed Securities.

(A) Publication of TXSE Auction Information. Beginning at 8:00 a.m. and updated every five seconds thereafter<u> until 9:28 a.m.</u>, <u>Matched Shares and the Offset Side</u>[the Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares and Reference Sell Shares] associated with the Opening Auction will be disseminated via electronic means.<u> Beginning at 9:28 a.m. and updated every five seconds thereafter until 9:30 a.m., the Participation Band, the Lower Band Auction Interest, and the Upper Band Auction Interest will be disseminated via electronic means</u>.

(B) Determination of TXSE Official Opening Price. The Opening Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Opening Auction. In the event of a volume based tie at multiple price levels, the Opening Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, <u>the Opening Auction price will be the entered price at which shares will remain unexecuted in the Opening Auction. In the event of a volume based tie, a tie in</u>

minimum total imbalance, and a tie in entered price at which shares remain unexecuted at multiple price levels, the Opening Auction price will be the price closest to the Volume Based Tie Breaker. The Opening Auction price will be the TXSE Official Opening Price. In the event that there is no Opening Auction for an issue, the TXSE Official Opening Price will be the price of the Final Last Sale Eligible Trade, which will be the previous TXSE Official Closing Price.

(C) Execution Priority. MOO and market RHO orders have priority over all other Opening Auction Eligible Orders. To the extent there is executable contra side interest, such MOO and market RHO orders will execute at the TXSE Official Opening Price in accordance with time priority. After the execution of all MOO and market RHO orders, the remaining orders priced at or more aggressively than the TXSE Official Opening Price on the Auction Book and the Continuous Book will be executed on the basis of price priority. Equally priced trading interest shall execute in time priority in the following order:

(i) the displayed portion of limit orders, LOO orders, [LLOO]LOO.L orders and limit RHO orders (all such orders to have equal priority after execution of all orders identified in paragraph (C) above); and

(ii) Non-Displayed orders (including the Reserve Quantity of Limit Orders).

(3) Transition to Regular Trading Hours

(A) Limit order shares on the Continuous Book that are not executed in the Opening Auction will remain on the Continuous Book during Regular Trading Hours, subject to the User’s instructions.

(B) RHO order shares that are not executed in the Opening Auction will be added to the Continuous Book at the conclusion of the Opening Auction, subject to the User’s instructions. However, where the Opening Auction would have occurred at a price level but for such price level being greater than (less than) the high (low) range of the Collar Price Range, all buy (sell) limit RHO orders with a limit price more aggressive than the TXSE Official Opening Price that are not executed in the Opening Auction will be cancelled.

(C) LOO, [LLOO]LOO.L and MOO orders that are not executed in the Opening Auction will be cancelled immediately at the conclusion of the Opening Auction.

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(c) Closing Auction

(1) Order Entry and Cancellation Before Closing Auction

(A) Users may submit orders to the Exchange as set forth in TXSE Rule 11.001. Any Eligible Auction Orders designated for the Closing Auction will be queued until 4:00 p.m., at which time they will be eligible to be executed in the Closing Auction. Users may submit LOC and MOC orders until 3:[59]58 p.m., at which point any additional LOC and MOC orders submitted will be rejected. Unlike in the Opening Auction, User submitted Market RHO orders will be accepted immediately prior to the Closing Auction. Users may submit [LLOC]LOC.L orders between 3:[59]58 p.m. and 4:00 p.m. Any [LLOC]LOC.L orders submitted before 3:[59]58 p.m. or after 4:00 p.m. will be rejected.

(B) Eligible Auction Orders designated for the Closing Auction may not be modified or cancelled between 3:[59]58 p.m. and 4:00 p.m.

(C) Orders eligible for execution during Regular Trading Hours may be cancelled at any time prior to execution.

(2) Closing Auction Process. The Exchange will conduct a Closing Auction for all TXSE-Listed Securities.

(A) *Publication of TXSE Auction Information.* Beginning at 3:00 p.m. and updated every five seconds thereafter until 3:58 p.m., the [Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares and Reference Sell Shares]Matched Shares and the Offset Side associated with the Closing Auction will be disseminated via electronic means. Beginning at 3:58 p.m. and updated every five seconds thereafter until 4:00 p.m., the Participation Band, the Lower Band Auction Interest, and the Upper Band Auction Interest will be disseminated via electronic means.

(B) *Determination of TXSE Official Closing Price.* The Closing Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Closing Auction. In the event of a volume based tie at multiple price levels, the Closing Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the entered price at which shares will remain unexecuted in the Closing Auction. In the event of a volume based tie, a tie in minimum total imbalance, and a tie in entered price at which shares remain unexecuted at multiple price levels, the Closing Auction price will be the price closest to the Volume Based Tie Breaker. For a TXSE-Listed Security that is a corporate security, the Closing Auction price will be the TXSE Official Closing Price. In the event that there is no Closing Auction for a TXSE-Listed Security that is a corporate security, the TXSE Official Closing Price will be the price of the Final Last Sale Eligible Trade. The TXSE Official Closing Price for all other TXSE-Listed Securities will be determined as follows:

(i) Where at least one Round Lot is executed in the Closing Auction, Closing Auction price will be the TXSE Official Closing Price;

(ii) In the event that the TXSE Official Closing Price cannot be determined under paragraph (B)(i) of this TXSE Rule, the TXSE Official Closing Price for such security will depend on when the last consolidated last-sale eligible trade occurs. If a trade that would qualify as a Final Last Sale Eligible Trade occurred:

(a) within the final five minutes before the end of Regular Trading Hours, the Final Last Sale Eligible Trade will be the TXSE Official Closing Price; or

(b) prior to five minutes before the end of Regular Trading Hours, the time-weighted average price of the NBBO midpoint measured over the last 5 minutes before the end Regular Trading Hours will be the TXSE Official Closing Price. For purposes of this paragraph, the Exchange will exclude a quote from the NBBO midpoint calculation if the spread of the quote is greater than 10% of the midpoint price. A Crossed NBBO would also be excluded from the calculation; or

(iii) If the TXSE Official Closing Price cannot be determined under paragraphs (B)(i) or (B)(ii) of this TXSE Rule, the Final Last Sale Eligible Trade will be the TXSE Official Closing Price.

(C) *Execution Priority.* MOC orders have priority over all other Closing Auction Eligible Orders. To the extent there is executable contra side interest, such MOC orders will be executed at the TXSE Official Closing Price according to time priority. After the execution of all

MOC orders, the remaining orders priced at or more aggressively than the TXSE Official Closing Price on the Auction Book and the Continuous Book will be executed on the basis of price priority. Equally priced trading interest shall execute in time priority in the following order:

(i) the displayed portion of limit orders, LOC orders, [LLOC]LOC.L orders and limit RHO orders (all such orders to have equal priority after execution of all orders identified in paragraph (C) above); and

(ii) Non-Displayed orders (including the Reserve Quantity of Limit Orders).

(3) Transition to Post-Market Session

(A) Limit order shares on the Continuous Book that are not executed in the Closing Auction will remain on the Continuous Book during the Post-Market Session, subject to the User's instructions.

(B) RHO, LOC, [LLOC]LOC.L and MOC order shares that are not executed in the Closing Auction will be cancelled at the conclusion of the Closing Auction.

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(e) Volatility Closing Auction. Where a security is halted between 3:50 p.m. and 4:00 p.m. pursuant to TXSE Rule 11.021 or the Quote-Only Period of a Halt Auction for a security halted before 3:50 p.m. pursuant to TXSE Rule 11.021 would otherwise be extended by the Exchange after 3:50 p.m., no Closing Auction or Halt Auction for the security will occur. Instead, the Exchange will conduct a Volatility Closing Auction at 4:00 p.m. as described below.

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(3) Transition to Post-Market Session.

(A) Limit order shares that are not executed in the Volatility Closing Auction will remain on the Continuous Book during the Post-Market Session, subject to paragraph (B) below and the User's instructions.

(B) RHO, LOC, [LLOC]LOC.L, MOC and market order shares that are not executed in the Volatility Closing Auction will be cancelled at the conclusion of the Volatility Closing Auction.

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