Clifford Chance

BRIEFING

The Texas Stock Exchange: A New Exchange, A Broader Shift

July 20, 2026

Texas is increasingly emerging as a significant jurisdiction in the U.S. capital markets landscape, and the launch of the Texas Stock Exchange ("TXSE") is the latest development in that evolution. Following a $275 million capital raise and the commencement of live trading operations earlier this month, TXSE released an updated rulebook outlining its approach to corporate listings on July 9. As the exchange moves from concept to operation, issuers, investors and advisers are evaluating what a new national securities exchange may mean for listing decisions, corporate governance and the broader competitive dynamics of U.S. public markets.

This briefing provides an overview of TXSE's structure, compares TXSE with NYSE and Nasdaq, and examines the broader Texas business environment that has emerged around it.

What you need to know

- TXSE began live trading operations on July 10, 2026 and expects to launch its corporate listings capability in October 2026.
- Texas continues to expand its corporate-law infrastructure through legislative reforms and the Texas Business Court.
- The exchange is best understood as a Texas-centered alternative for large- and mid-cap issuers considering a Texas legal / market strategy.
- TXSE's quantitative listing standards broadly resemble NYSE and Nasdaq, but it is positioning itself differently on governance philosophy and listing process, while publicly emphasizing the cost of being a public company as an area of potential improvement.
- Issuer fees remain unpublished, and several TXSE's proposed rules — including its proportional voting framework and expansion into closed-end and interval fund listings — remain under SEC review. These developments may influence issuer adoption and TXSE's long-term competitive positioning.

TXSE MOVES FROM REGULATORY APPROVAL TO ACTIVE OPERATIONS

On September 30, 2025, the SEC approved TXSE's Form 1 registration, making it a registered national securities exchange. TXSE is the first fully integrated exchange — supporting listings, trading, market operations, and related services on one platform — to receive that designation in decades. TXSE commenced live trading on July 10, 2026 with an initial group of five national market system securities. The exchange relied on unlisted-trading privileges which permit securities listed on other national securities exchanges to trade on TXSE without requiring the issuer to consent or transfer its primary listing.

As trading begins, TXSE has moved beyond the planning and regulatory stages and into the phased rollout of market operations as an active participant in the U.S. equity markets. TXSE expects to begin approving eligible listing applications by already-public companies in October 2026, and its IPO capability by the first quarter of 2027.

TXSE enters the market with substantial financial backing and support from established financial institutions and market participants. The exchange has raised approximately $275 million in capital and counts several major financial institutions, trading firms and liquidity providers among its investors. TXSE's board and investor base also include prominent Texas business and political leaders, underscoring the exchange's close alignment with the state's broader effort to expand its role in U.S. capital markets.

Early market interest is beginning to emerge. Westwood Holdings Group has publicly identified TXSE as the intended listing venue for its proposed Westwood Salient Enhanced Power & Infrastructure ETF, representing one of the first announced product listings for the exchange. Market infrastructure providers have also begun incorporating TXSE into their frameworks. On July 13, 2026, Solactive AG announced that TXSE would be recognized as an eligible U.S. exchange for purposes of its index methodology, allowing future TXSE-listed securities to be considered for inclusion in applicable Solactive indices.

THE BROADER LANDSCAPE

TXSE's emergence reflects a broader effort by Texas to position itself as a leading U.S. jurisdiction for public companies and capital-markets activity. This is particularly relevant to issuers across energy, infrastructure and technology that operate in or adjacent to the Texas regulatory environment.

Three interlocking forces have helped create strong tailwinds for TXSE's launch.

Corporate Migration and Incorporation Trends

The launch of TXSE is occurring alongside broader changes in the corporate-law landscape. Recent Delaware decisions involving executive compensation and corporate governance have prompted some companies to reassess whether existing legal frameworks provide the level of predictability and deference to board decision-making they expect.

Texas has sought to capitalize on that trend through amendments to the Texas Business Organizations Code, the creation of the Texas Business Court and other initiatives intended to attract public companies.

Texas has experienced both substantial corporate investment activity and increased interest in Texas as a jurisdiction of incorporation. The state is now home to nearly 60 Fortune 500 headquarters and roughly 10% of all U.S. public companies, and has seen more than 300 corporate headquarters relocations in recent years. Activity has spanned multiple sectors. For example, Public Storage recently announced a headquarters relocation to Texas, while Digital Realty previously relocated its global headquarters to Austin. Both companies are major U.S. REITs, and each maintained its existing jurisdiction of organization.

Despite Texas' large concentration of Fortune 500 headquarters, relatively few Fortune 500 companies are currently incorporated or organized under Texas law. However, the trend has recently gained momentum. ExxonMobil shareholders voted in May 2026 to reincorporate the company in Texas, and Dell Technologies shareholders voted in June 2026 — with 97% approval — to reincorporate in Texas as well.

Whether additional companies will choose to relocate their headquarters or reincorporate in Texas remains uncertain. Nonetheless, TXSE is launching against a backdrop of a sizeable regional issuer base and within a broader Texas business environment that includes the nation's largest concentration of Fortune 500 headquarters.

Texas Legislative Reforms

TXSE's launch coincides with a series of legislative reforms designed to reinforce Texas' position as a jurisdiction for public companies. In 2025, Texas enacted several measures affecting corporate governance, shareholder engagement and capital markets activity. The scope of these reforms varies, with certain measures applying primarily to Texas-incorporated companies, others to nationally listed corporations that affirmatively opt in, and others to market participants such as proxy advisors and securities market operators.

Key developments include:

- **Senate Bill 29** (effective May 14, 2025) adds statutory presumptions and related protections for directors and officers of certain Texas-organized entities and is intended to provide greater predictability in Texas corporate decision-making.
- **Senate Bill 1057** (effective September 1, 2025) allows nationally listed corporations that affirmatively opt in through their governing documents to apply enhanced requirements for shareholder proposals.
- **Senate Bill 2337** (effective September 1, 2025) imposes disclosure requirements on proxy advisors when proxy advisory services are based on nonfinancial considerations or when a proxy advisor provides materially different voting advice to different clients

regarding the same proposal (or matter) absent an express client request for a nonfinancial objective.

- **Senate Bill 1058** (effective January 1, 2026) and **Proposition 6** (approved by Texas voters on November 4, 2025) support the development of securities-market infrastructure in Texas through franchise-tax and constitutional protections applicable to certain registered securities-market operators and securities transactions in Texas.

Together, these measures reflect Texas' broader effort to attract public companies and capital markets infrastructure. They also coincide with the emergence of TXSE and the expansion of both NYSE and Nasdaq operations in the state.

Texas Business Court

Texas has also invested in the legal infrastructure supporting its broader corporate-law ambitions. Since commencing operations in September 2024, the Texas Business Court has provided a specialized forum for complex business disputes, including governance, fiduciary-duty and derivative litigation matters.

Litigants may appeal Business Court decisions to the Texas Fifteenth Court of Appeals, which has exclusive appellate jurisdiction over those cases. Together, the courts are intended to promote a more consistent body of Texas business-law precedent and provide greater predictability in the resolution of corporate disputes.

KEY FEATURES OF TXSE

TXSE is structured as a fully electronic, single-tier exchange with no physical trading floor. Like NYSE and Nasdaq, TXSE operates regular pre-market and after hours trading sessions. While the exchange remains in the early stages of its rollout, its recently updated rulebook and public statements provide insight into how TXSE intends to differentiate itself from incumbent exchanges.

One Listing Tier

Unlike Nasdaq, which operates three listing tiers (Global Select Market, Global Market and Capital Market), NYSE distinguishes between separate listing venues (NYSE and NYSE American). TXSE, by contrast, operates a single listing tier with one principal set of quantitative listing standards for corporate issuers.

TXSE's quantitative listing standards are generally calibrated toward mid- and large-cap issuers. Many of the currently listed U.S. public companies would not satisfy TXSE's initial listing requirements. The exchange's approach reflects its focus on attracting established issuers through a single set of listing standards rather than maintaining separate markets or tiers for companies at different stages of development.

At the same time, the SEC's approval order noted that TXSE's listing standards are "substantially similar" to those of existing national securities exchanges. As a practical matter, the exchange's long-term competitiveness is likely to be determined less by its listing requirements and more by factors such as issuer costs, service offerings, liquidity and the broader Texas corporate-law environment.

Mandatory Confidential Pre-Application Review

TXSE requires all prospective issuers to complete a confidential pre-application review before submitting a formal listing application. Companies that satisfy the exchange's eligibility requirements receive a clearance letter that remains valid for nine months.

The process is offered at no cost and allows companies to assess listing eligibility without public disclosure. For issuers evaluating multiple listing venues or considering a listing on a non-public basis, the review process may provide additional flexibility before a formal application is submitted.

No ESG Mandates Beyond Applicable Federal Requirements

TXSE's listing rules do not impose board diversity requirements, diversity disclosure mandates or ESG-related listing conditions beyond those required under applicable federal law.

Although Nasdaq previously adopted a board diversity rule, that rule was vacated by the U.S. Court of Appeals for the Fifth Circuit in 2024 and is no longer in effect. NYSE has never maintained a comparable requirement on ESG or diversity.

Accordingly, TXSE's approach is best understood as a statement of governance philosophy rather than any substantive distinction between TXSE and the existing exchanges.

Key Features that Remain Pending

Competitive Fee Structure

Reducing the cost of being a public company has been a central theme of TXSE's public messaging. However, TXSE has not yet published a definitive fee schedule for corporate issuers.

The July 9, 2026 rulebook reserves the section addressing listed-company fees, and no issuer fee schedule has been filed with or approved by the SEC.

Although commentators have suggested TXSE may seek to underprice incumbent exchanges, any estimates regarding future fee levels remain speculative.

Proportional Voting of Uninstructed Shares

One proposal that could meaningfully distinguish TXSE from other exchanges remains pending before the SEC.

In May 2026, TXSE filed a proposed rule change that would require member broker-dealers to vote uninstructed retail shares in proportion to voting instructions actually received from participating shareholders, rather than relying on existing broker-voting frameworks.

The proposal has not been approved and remains under SEC review. If adopted, it would represent a notable departure from existing U.S. proxy-voting practices and could materially affect the treatment of uninstructed retail shares and reduce the role of broker discretion in shareholder votes involving TXSE-listed companies.

The proposal is consistent with TXSE's broader public advocacy regarding shareholder participation, proxy voting and proxy-advisor transparency.

Initiatives to Expand Beyond Corporate Listings

Beyond corporate and IPO listings, TXSE is also positioning itself to compete for other categories of listed products. In April 2026, the exchange proposed rules permitting the listing and trading of closed-end funds — including interval funds — under standards largely modeled on those currently used by Cboe BZX. The proposal would create a dedicated framework for these products, including enhanced requirements for exchange-listed interval funds, which would be required to offer repurchase opportunities at least every three months.

If approved, the rule change would expand TXSE's addressable issuer base beyond traditional operating companies and could provide an early indication of the exchange's strategy for attracting alternative investment vehicles and specialized listed products.

HOW THE EXCHANGES STACK UP

While many of TXSE's core listing standards are substantially similar to those of established exchanges, differences remain in structure, listing philosophy, issuer processes and the broader business environment in which the exchange operates.

Topic	TXSE	NYSE	Nasdaq
Listing Structure	Single corporate listing tier; no separate lower-tier market	**Primary NYSE** market for larger issuers **NYSE American** for smaller and emerging issuers	Three principal U.S. listing tiers: **Capital Market**. **Global Market**, and **Global Select Market**
Listing Philosophy	Texas-focused, issuer-oriented alternative	Prestige and institutional credibility	Flexibility and growth-company access
Pre-Application Review	Mandatory confidential pre-application eligibility review before formal application; clearance letter valid for nine months	Pre-listing eligibility review available but not mandatory	Pre-listing eligibility review available but not mandatory
Representative Market Value Thresholds	Minimum of $75M aggregate market value of the security.	**Primary**: Market value of publicly held shares at $40M for IPOs / spin-offs and $100M for other listings; or $200M global market capitalization (GMC)	**Capital Market**: $50M market value of listed securities (MVLS) **Global Market**: $75M MVLS **Global Select Market**:

Topic	TXSE	NYSE	Nasdaq
		NYSE American: Aggregate market value of unrestricted publicly-held shares at $15M-$20M; or $50M-$75M GMC	Higher threshold; multiple financial standard options
Publicly Held Shares Requirement	Minimum of 1.1M	**Primary**: Minimum of 1.1M **NYSE American**: Generally, 500,000 - 1 Million public-float shares depending on distribution standard	**Capital Market**: 1 Million **Global Market**: 1.1 Million **Global Select Market**: 1.25 Million
Round Lot Holder Requirements	400	**Primary**: 400 **NYSE American**: 400 or 800 public shareholders depending on distribution standard	**Capital Market**: 300 **Global Market**: 400 **Global Select Market**: 450
Minimum Share Price	$4.00	**Primary**: $4.00 **NYSE American**: $4.00	**Capital Market**: $4.00 (standard rule); $2.00 or $3.00 (if other conditions met) **Global Market**: $4.00 **Global Select**: $4.00
Issuer Fees	Issuer fee schedule not yet filed / published; greater clarity expected following SEC review and approval	Published application, initial listing and annual fees; limited five-year fee relief is available for certain newly listed issuers	Published entry-fee and all-inclusive annual-fee structure provides greater predictability
SPAC Considerations	Entry fees are not yet published, but standards are broadly aligned with Nasdaq and generally less stringent than NYSE's SPAC requirements	Highest SPAC IPO size and public-float thresholds among the three exchanges	Established SPAC venue, although 2026 amendments increased thresholds and tightened compliance consequences for certain SPAC failures
Practical Takeaway	Best understood as a Texas-centered alternative for larger issuers, SPACs and companies considering a Texas legal / market strategy; fee transparency and early listing adoption remain key watch items	Best suited to issuers prioritizing legacy exchange brand, scale and institutional familiarity	Best suited to issuers prioritizing tier flexibility, technology-sector familiarity and more pathways for growth-stage companies

WHAT WE'RE WATCHING

TXSE's Fee Schedule

A key outstanding question is how TXSE ultimately prices issuer fees. The release of a final fee schedule should provide greater clarity regarding TXSE's economic value proposition and may become an important consideration for companies evaluating listing alternatives.

Launch of Corporate and IPO Listings

It remains to be seen how many issuers will elect to pursue secondary or primary listings on TXSE. The anticipated October 2026 launch of corporate listings and first-quarter 2027 launch of IPO listings should provide an early indication of issuer demand, market adoption and TXSE's long-term competitiveness in U.S. capital markets. Market participants are likely to focus on the profile and volume of early issuers, as well as whether NYSE- and Nasdaq-listed companies elect to pursue dual listings.

Additional Rule Developments

Two pending SEC proposals may provide additional insight into TXSE's long-term strategy. One would introduce a novel approach to the treatment of uninstructed retail shares in shareholder votes, while another would expand the range of products eligible for listing on the exchange beyond traditional operating companies. The SEC's response to these proposals may offer an early indication of how much flexibility TXSE will have to differentiate itself from existing U.S. exchanges.

HOW CLIFFORD CHANCE CAN HELP

Our U.S. capital markets team is closely monitoring TXSE developments, Texas Business Court decisions and legislative reforms affecting public companies.

If you would like to discuss how these developments may affect your business, please contact us.

advisors and review the most current materials from the applicable exchange and regulatory authorities before taking any action based on the information discussed herein.

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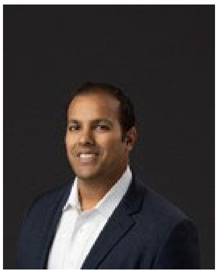

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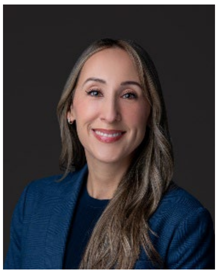

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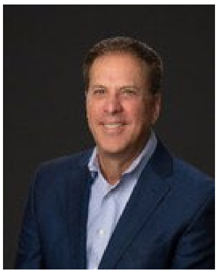

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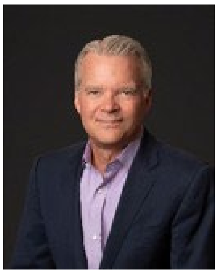

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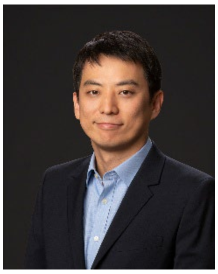

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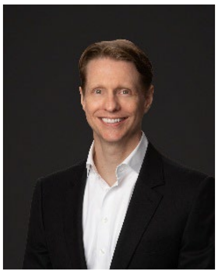

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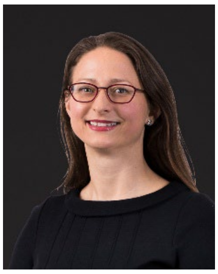

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