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Page 1 of \* 29

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

File No. \* SR 2026 - \* 017

Amendment No. (req. for Amendments \*)

Filing by Nasdaq Texas, LLC

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
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Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>
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Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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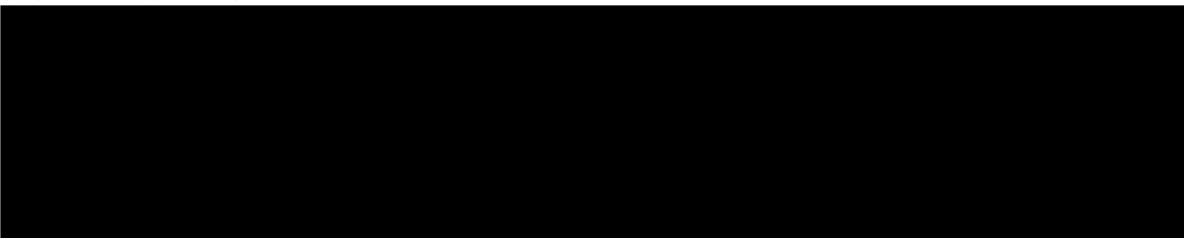
**Description**

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

Amend Auction Mechanism.

**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.



**Signature**

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

Date 04/13/2026


(Title \*)

By John A. Zecca

EVP and Chief Legal Officer

(Name \*)

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.

 Date: 2026.04.13 15:02:58 -04'00'

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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SR-NasdaqTX-2026-017 19b4.docx

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 \***

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SR-NasdaqTX-2026-017 Exhibit 1.doc

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 \***

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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**

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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**

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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**

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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**

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SR-NasdaqTX-2026-017 Exhibit 5.doc

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 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**

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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) Nasdaq TEXAS, LLC (“NTX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the NTX Options Rules to permit orders for the accounts of Market Makers assigned to the options class to be solicited for the Initiating Order<sup>3</sup> submitted for execution against an agency order into a Price Improvement Auction (“PRISM”).

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

Questions and comments on the proposed rule change may be directed to:



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

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

<sup>3</sup> The “Initiating Order” is the order comprised of principal interest or a solicited order(s) submitted to trade against the order the submitting Participant represents as agent (the “PRISM Order”).

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 Options 3, Section 13, Price Improvement Auction (“PRISM”), to permit orders by Participants in a PRISM Auction to trade against the PRISM Orders<sup>4</sup> for the accounts of Market Makers assigned to the options class. Cboe Exchange, Inc. (“Cboe”) recently received approval to amend its rules in an identical manner.<sup>5</sup> The Exchange also proposes an amendment to Options 5, Section 4 relating to the handling of Immediate-or-Cancel Orders.<sup>6</sup>

**Background**

A PRISM Auction is an electronic auction intended to provide a PRISM Order with the opportunity to receive price improvement (over the National Best Bid or Offer (“NBBO”)). There is no specific size requirement for a PRISM Auction. Upon submitting a PRISM Order into a PRISM, the Initiating Participant must also submit a contra-side paired order.<sup>7</sup> The Initiating Order guarantees that the PRISM Order will receive an execution at no worse than the auction price. Upon commencement of an auction, market participants may submit responses to trade against the PRISM Order.<sup>8</sup> At the conclusion of a PRISM Auction, the PRISM Order will be executed in full at the best prices available, taking into consideration all Exchange quotes,

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<sup>4</sup> PRISM Orders are orders entered by a Participant and represented as agent.

<sup>5</sup> See Securities Exchange Act Release No. 105049 (March 19, 2026), 91 FR 14057 (March 24, 2026) (SR-Cboe-2025-090).

<sup>6</sup> “Immediate-or-Cancel” or “IOC” is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled.. See Options 3, Section 7(b)(2).

<sup>7</sup> Each of these auctions requires a paired order.

<sup>8</sup> See Options 3, Section 13(ii)(A)(4). Responses in PRISM are called PAN responses.

orders and PAN responses.<sup>9</sup> NTX Options' PRISM is very similar to Cboe's Automated Price Improvement Mechanism or "AIM."<sup>10</sup>

### Proposal

Currently, Options 3, Section 13(i)(F) prohibits orders by Participants in a PRISM to trade against the PRISM Orders for the accounts of Market Makers assigned to the options class.

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<sup>9</sup> If the Initiating Participant selected the single stop price option of the PRISM Auction, PRISM executions will occur at prices that improve the stop price, and then at the stop price with up to 40% or such lower percentage requested by the Initiating Participant of the initial size of the PRISM Order after Public Customer interest is satisfied being allocated to the Initiating Participant at the stop price. However, if only one other quote, order or PAN response matches the stop price, then the Initiating Participant may be allocated up to 50% of the contracts executed at such price, provided the Initiating Participant had not designated a percentage designation of "Surrender" when initiating the Auction. See Options 3, Section 13(ii)(E)(2)(a). If the Initiating Participant selected the auto-match option of the PRISM Auction the Initiating Participant shall be allocated an equal number of contracts as the aggregate size of all other quotes, orders and PAN responses at each price point until a price point is reached where the balance of the order can be fully executed, except that the Initiating Participant shall be entitled to receive up to 40% (multiple competing quotes, orders or PAN responses) or 50% (one competing quote, order or PAN response) of the initial size of the PRISM Order at the final price point including situations where the stop price is the final price after Public Customer interest has been satisfied but before remaining interest. See Options 3, Section 13(ii)(E)(2)(b). If the Initiating Participant selected the "stop and NWT" option of the PRISM Auction then allocation would be first to quotes, orders and PAN responses at prices better than the NWT price (if any), beginning with the best price, at each price point and next, to quotes, orders and PAN responses at prices at the Initiating Participant's NWT price and better than the Initiating Participant's stop price, beginning with the NWT price. The Initiating Participant shall be allocated an equal number of contracts as the aggregate size of all other quotes, orders and PAN responses at each price point, except that the Initiating Participant shall be entitled to receive up to 40% (multiple competing quotes, orders or PAN responses) or 50% (one competing quote, order or PAN response) of the initial size of the PRISM Order at the final price point including situations where the final price is the stop price, after Public Customer interest has been satisfied but before remaining interest. In the case of an Initiating Order with a NWT price at the market, the Initiating Participant shall be allocated an equal number of contracts as the aggregate size of all other quotes, orders and PAN responses at all price points, except that the Initiating Participant shall be entitled to receive up to 40% (multiple competing quotes, orders or PAN responses) or 50% (one competing quote, order or PAN response) of the initial size of the PRISM Order at the final price point including situations where the final price is the stop price, after Public Customer interest has been satisfied but before remaining interest. See Options 3, Section 13(ii)(E)(2)(c).

<sup>10</sup> An AIM Auction is an electronic auction intended to provide an Agency Order with the opportunity to receive price improvement (over the National Best Bid or Offer ("NBBO")). Upon submitting an Agency Order into an AIM Auction, the initiating Trading Permit Holder ("Initiating TPH") must also submit a contra-side second order ("Initiating Order") for the same size as the Agency Order. The Initiating Order guarantees that the Agency Order will receive an execution at no worse than the auction price. Upon commencement of an auction, market participants may submit responses to trade against the Agency Order. See Cboe Rule 5.37(c)(5). At the conclusion of an AIM Auction, depending on the contra-side interest (including auction responses) available, the Initiating Order may be allocated a certain percentage (or more) of the Agency Order. See Cboe Rule 5.37(e).

While market participants other than assigned Market Makers may contribute liquidity to a PRISM Auction as either a contra-side order or a response, assigned Market Makers, who are the primary source of liquidity on the Exchange in their assigned options, are limited in the manner in which they may provide liquidity to a PRISM Auction. Given that contra-side orders that comprise Initiating Orders may be allocated a percentage of the PRISM Order at the conclusion of the PRISM Auction, the limited ability of appointed Market Makers to participate in a PRISM Auction may reduce the execution opportunities for these liquidity providers, which execution opportunities are available to other market participants who may be solicited or submit responses.

The Exchange believes that eliminating the prohibition against assigned Market Makers acting as contra in a PRISM Auction would enhance price improvement opportunities, particularly for retail and smaller Public Customer orders. Allowing assigned Market Makers registered with the Exchange to be facilitated or solicited as contras may result in exposure of more small Public Customer orders to potential price improvement in a PRISM Auction. The Exchange further notes that Options 3, Section 22(d) (Limitations on Order Entry) provides that, prior to or after submitting an order to NTX Options, an Options Participant cannot inform another Participant or any other third party of any of the terms of the order for purposes of violating this Rule. This protection will remain in place under the proposed rule change to address any potential information leakage concerns in a PRISM Auction as Options 3, Section 22 applies to a PRISM Auction.

The Exchange believes that the restriction has become operationally outdated in current market structure. It is common practice that Agency Orders already involve the same Market Maker firm acting as both the contra-side (in an away Market Maker capacity) and auction

respondent (as an assigned Market Maker registered on the Exchange). Eliminating this restriction would reduce an arbitrary and unnecessary burden and allow Market Makers to structure more efficient auction processes, which may ultimately promote greater competition among Market Makers and provide market participants with enhanced opportunities for price improvement.

The Exchange is proposing to amend Options 3, Section 13(i)(F) to permit orders for the accounts of Market Makers in an assigned options class to be solicited for the initiating order submitted for execution against an PRISM Order in all options into a PRISM Auction. The Exchange believes providing assigned Market Makers with an additional way to participate in a PRISM Auction will expand available liquidity for this auction, which may increase execution and price improvement opportunities for Public Customers orders in a PRISM. The Exchange notes that no similar restriction applies to crossing transactions in open outcry trading.<sup>11</sup> Brokers seeking liquidity to execute against customer orders on the trading floor regularly solicit assigned Floor Market Makers in the applicable class for this liquidity, as they are generally the primary source of liquidity in a class. Therefore, the Exchange believes the proposed rule change will further align open outcry and the PRISM Auction and the execution and price improvement opportunities available in both these auctions by permitting the same participants to be solicited as the contra-side in a PRISM Auction across all options at all times.

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<sup>11</sup> See e.g., Nasdaq Phlx LLC Rules at Options 8 Rules.

In addition to Cboe, the Exchange notes the electronic price improvement auction of another options exchange currently permits orders for the accounts of appointed market-makers to be solicited as the contra orders for that auction.<sup>12</sup>

#### Options 5, Section 4

The Exchange proposes to amend subparagraph (a) at Options 5, Section 4, Order Routing, which currently states, “Immediate-or-Cancel (“IOC”) Orders will be cancelled immediately if not executed, and will not be routed.” The Exchange proposes to instead state that, “Immediate-or-Cancel (“IOC”) Orders will be rejected and will not be routed.” While the current sentence reflects the operation of IOC Orders as provided in Options 3, Section 7(b)(2), within the context of routing, the sentence may be confusing. Options 5, Section 4 explains the manner in which various order types are handled differently for purposes of routing. An IOC Order will not rest on the order book by its definition and cannot route. The Exchange proposes to amend the language to be clear that IOC Orders are not subject to routing and therefore would be rejected. This proposed language is consistent with Options 3, Section 7(b)(2) and makes clear the treatment of IOC Orders for purposes of Options 5, Section 4.

#### **Implementation**

The Exchange proposes to implement these proposed changes on or before Q3 2026. The Exchange will issue an Options Trader Alert indicating the date the changes will be implemented.

#### b. Statutory Basis

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<sup>12</sup> See NYSE American, Inc. (“American”) Rule 971.1NY and NYSE Pillar Options FIX Gateway Protocol Specification, Section 5.2, New Cross Order. See also <https://www.nyse.com/markets/american-options/cube-customer-best-execution>.

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>13</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>14</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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.

The Exchange believes the proposed rule change will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because it will provide the primary liquidity providers on the Exchange with an additional way to participate in a PRISM Auction. Additionally, by permitting brokers to solicit primary liquidity providers in a class for a PRISM Auction the Exchange believes brokers will be able to more efficiently locate liquidity to fill their customer orders, particularly during times of volatility. As a result, the Exchange believes the proposed rule change will likely expand available liquidity for a PRISM Auction, which may create additional execution and price improvement opportunities for customers at all times, which ultimately benefits investors.

The Exchange believes the proposed rule change is consistent with the Act because it will further align open outcry and PRISM Auctions and the execution and price improvement opportunities available in both auctions by permitting the same participants to be solicited as contras in both types of auctions across all options. Currently, assigned Market Makers may be solicited with respect to crossing transactions on trading floors but may not be solicited with respect to electronic transactions.<sup>15</sup> The Exchange believes there is no reason to restrict Market

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<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> Phlx's trading floor does not have a similar restriction. See Phlx Options 8 Rules.

Makers' ability to provide liquidity into electronic auctions when they are able to similarly provide that liquidity in open outcry trading. As noted above, the electronic price improvement auction of another options exchange currently permits orders for the accounts of assigned market makers to be solicited as the contra orders for that auction.<sup>16</sup>

In particular, the Exchange believes the proposed rule change will promote competition in PRISM Auctions, including competition to initiate PRISM Auctions, which will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors. The Exchange believes the availability of this liquidity to PRISM Auctions will positively affect the experience for PRISM Orders and overall quality of the auctions. Furthermore, the Exchange believes increasing the number of market participants available to be solicited may increase competition to provide initiating orders, which may lead to a PRISM Auction being initiated at a better price. More market participants competing to provide initiating orders may lead to solicited parties providing more aggressive initial prices. The Exchange believes the ability of all market participants, including appointed market makers that did not submit an initiating order, to submit responses to a PRISM Auction will continue to provide competition for executions against PRISM Orders.

The Exchange believes any risk that assigned Market Makers may misuse the nonpublic information of an upcoming PRISM Auction is de minimis. Options 3, Section 13(v) prohibits a pattern or practice of submitting orders or quotes or the purpose of disrupting or manipulating PRISM Auctions, and Options 9, Section 9 requires Participants to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material, nonpublic information by Members and their associated persons. Finally, Options 3, Section

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<sup>16</sup> See supra notes 5 and 12.

22(d) (Limitations on Order Entry) provides that, prior to or after submitting an order to NTX Options, an Options Participant cannot inform another Options Participant or any other third party of any of the terms of the order for purposes of violating the Rule.

The Exchange believes the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because it will permit orders for accounts of assigned Market Makers to be solicited in the same manner as orders for the accounts of all other market participants. Currently, all market participants other than assigned Market Makers may be solicited as the contra and submit responses in PRISM Auctions for all options. Given the additional costs and obligations associated with being an assigned Market Maker, the Exchange does not believe these Market Makers should have fewer execution opportunities with respect to volume submitted for execution through PRISM Auctions and not for electronic execution against interest in the book. The Exchange believes the proposed rule change will provide all Market Makers on the Exchange with the same ability to participate in PRISM Auctions in all options at all times, which may further increase execution and price improvement opportunities for market participants.

#### Options 5, Section 4

The Exchange's proposal to amend Options 5, Section 4(a) is consistent with the Act because it will bring greater clarity to the current rule text by clearly explaining that IOC Orders will not route.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the

Act because it provides the same execution opportunities in PRISM Auctions to assigned Market Makers that are currently available to all other market participants. Additionally, the proposed rule change will further align open outcry and electronic auctions and the execution and price improvement opportunities available in both auctions by permitting the same participants to be solicited as contra-side in auctions across all options.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it relates to orders submitted into PRISM Auctions on the Exchange. Additionally, the Exchange notes that, in addition to Cboe, the rules of at least one other options exchange permits orders for the accounts of assigned market makers to be solicited as contra orders for that exchange's electronic price improvement auction.<sup>17</sup> The Exchange believes the proposed rule change may improve price competition within PRISM Auctions, because the primary liquidity providers will be able to increase participation in PRISM Auctions.

#### Options 5, Section 4

The Exchange's proposal to amend Options 5, Section 4(a) does not impose an undue burden on competition, rather the proposal clarifies the current rule text.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not Applicable.

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<sup>17</sup> See supra note 12.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>18</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>19</sup> in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange does not believe that its proposal significantly affects the protection of investors or the public interest because it will provide the primary liquidity providers on the Exchange with an additional way to participate in PRISM Auctions. Additionally, by permitting brokers to solicit primary liquidity providers in a class for PRISM Auctions, the Exchange believes brokers will be able to more efficiently locate liquidity to fill their customer orders, particularly during times of volatility. As a result, the Exchange believes the proposed rule change will likely expand available liquidity for these auctions, which may create additional execution and price improvement opportunities for customers at all times, which ultimately benefits investors. The Exchange's proposal to amend Options 5, Section 4(a) does not significantly affect the protection of investors or the public interest because IOC Orders do not route today and would be rejected. The proposal will make clear the current operation of these orders with respect to routing.

Furthermore, the Exchange believes that the proposed rule change does not impose any significant burden on competition because it provides the same execution opportunities in

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>19</sup> 17 CFR 240.19b-4(f)(6).

PRISM Auctions to assigned Market Makers that are currently available to all other market participants. Additionally, the proposed rule change will further align open outcry and PRISM Auctions and the execution and price improvement opportunities available in both auctions by permitting the same participants to be solicited as contra-side in auctions across all options. The Exchange's proposal to amend Options 5, Section 4(a) does not impose any significant burden on competition because no Member may route an IOC Order.

Furthermore, Rule 19b-4(f)(6)(iii)<sup>20</sup> requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

Cboe recently received approval to amend its rules in an identical manner.<sup>21</sup>

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

Not applicable.

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<sup>20</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>21</sup> See supra note 5.

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

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

**EXHIBIT 1****SECURITIES AND EXCHANGE COMMISSION****[Release No. 34 ; File No. SR-NasdaqTX-2026-017]****Self-Regulatory Organizations; Nasdaq Texas, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the NTX Options Price Improvement Auction**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 13, 2026, Nasdaq Texas, LLC (“Nasdaq Texas” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 proposes to amend the NTX Options Rules to permit orders for the accounts of Market Makers assigned to the options class to be solicited for the Initiating Order<sup>3</sup> submitted for execution against an agency order into a Price Improvement Auction (“PRISM”).

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaqtx/rulefilings>, and at the principal office of the Exchange.

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

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

<sup>3</sup> The “Initiating Order” is the order comprised of principal interest or a solicited order(s) submitted to trade against the order the submitting Participant represents as agent (the “PRISM Order”).

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

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

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

1. Purpose

The Exchange proposes to amend Options 3, Section 13, Price Improvement Auction (“PRISM”), to permit orders by Participants in a PRISM Auction to trade against the PRISM Orders<sup>4</sup> for the accounts of Market Makers assigned to the options class. Cboe Exchange, Inc. (“Cboe”) recently received approval to amend its rules in an identical manner.<sup>5</sup> The Exchange also proposes an amendment to Options 5, Section 4 relating to the handling of Immediate-or-Cancel Orders.<sup>6</sup>

**Background**

A PRISM Auction is an electronic auction intended to provide a PRISM Order with the opportunity to receive price improvement (over the National Best Bid or Offer (“NBBO”)). There is no specific size requirement for a PRISM Auction. Upon submitting a PRISM Order

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<sup>4</sup> PRISM Orders are orders entered by a Participant and represented as agent.

<sup>5</sup> See Securities Exchange Act Release No. 105049 (March 19, 2026), 91 FR 14057 (March 24, 2026) (SR-Cboe-2025-090).

<sup>6</sup> “Immediate-or-Cancel” or “IOC” is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled.. See Options 3, Section 7(b)(2).

into a PRISM, the Initiating Participant must also submit a contra-side paired order.<sup>7</sup> The Initiating Order guarantees that the PRISM Order will receive an execution at no worse than the auction price. Upon commencement of an auction, market participants may submit responses to trade against the PRISM Order.<sup>8</sup> At the conclusion of a PRISM Auction, the PRISM Order will be executed in full at the best prices available, taking into consideration all Exchange quotes, orders and PAN responses.<sup>9</sup> NTX Options' PRISM is very similar to Cboe's Automated Price Improvement Mechanism or "AIM."<sup>10</sup>

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<sup>7</sup> Each of these auctions requires a paired order.

<sup>8</sup> See Options 3, Section 13(ii)(A)(4). Responses in PRISM are called PAN responses.

<sup>9</sup> If the Initiating Participant selected the single stop price option of the PRISM Auction, PRISM executions will occur at prices that improve the stop price, and then at the stop price with up to 40% or such lower percentage requested by the Initiating Participant of the initial size of the PRISM Order after Public Customer interest is satisfied being allocated to the Initiating Participant at the stop price. However, if only one other quote, order or PAN response matches the stop price, then the Initiating Participant may be allocated up to 50% of the contracts executed at such price, provided the Initiating Participant had not designated a percentage designation of "Surrender" when initiating the Auction. See Options 3, Section 13(ii)(E)(2)(a). If the Initiating Participant selected the auto-match option of the PRISM Auction the Initiating Participant shall be allocated an equal number of contracts as the aggregate size of all other quotes, orders and PAN responses at each price point until a price point is reached where the balance of the order can be fully executed, except that the Initiating Participant shall be entitled to receive up to 40% (multiple competing quotes, orders or PAN responses) or 50% (one competing quote, order or PAN response) of the initial size of the PRISM Order at the final price point including situations where the stop price is the final price after Public Customer interest has been satisfied but before remaining interest. See Options 3, Section 13(ii)(E)(2)(b). If the Initiating Participant selected the "stop and NWT" option of the PRISM Auction then allocation would be first to quotes, orders and PAN responses at prices better than the NWT price (if any), beginning with the best price, at each price point and next, to quotes, orders and PAN responses at prices at the Initiating Participant's NWT price and better than the Initiating Participant's stop price, beginning with the NWT price. The Initiating Participant shall be allocated an equal number of contracts as the aggregate size of all other quotes, orders and PAN responses at each price point, except that the Initiating Participant shall be entitled to receive up to 40% (multiple competing quotes, orders or PAN responses) or 50% (one competing quote, order or PAN response) of the initial size of the PRISM Order at the final price point including situations where the final price is the stop price, after Public Customer interest has been satisfied but before remaining interest. In the case of an Initiating Order with a NWT price at the market, the Initiating Participant shall be allocated an equal number of contracts as the aggregate size of all other quotes, orders and PAN responses at all price points, except that the Initiating Participant shall be entitled to receive up to 40% (multiple competing quotes, orders or PAN responses) or 50% (one competing quote, order or PAN response) of the initial size of the PRISM Order at the final price point including situations where the final price is the stop price, after Public Customer interest has been satisfied but before remaining interest. See Options 3, Section 13(ii)(E)(2)(c).

<sup>10</sup> An AIM Auction is an electronic auction intended to provide an Agency Order with the opportunity to receive price improvement (over the National Best Bid or Offer ("NBBO")). Upon submitting an Agency Order into an AIM Auction, the initiating Trading Permit Holder ("Initiating TPH") must also submit a contra-side second order ("Initiating Order") for the same size as the Agency Order. The Initiating Order

## **Proposal**

Currently, Options 3, Section 13(i)(F) prohibits orders by Participants in a PRISM to trade against the PRISM Orders for the accounts of Market Makers assigned to the options class.

While market participants other than assigned Market Makers may contribute liquidity to a PRISM Auction as either a contra-side order or a response, assigned Market Makers, who are the primary source of liquidity on the Exchange in their assigned options, are limited in the manner in which they may provide liquidity to a PRISM Auction. Given that contra-side orders that comprise Initiating Orders may be allocated a percentage of the PRISM Order at the conclusion of the PRISM Auction, the limited ability of appointed Market Makers to participate in a PRISM Auction may reduce the execution opportunities for these liquidity providers, which execution opportunities are available to other market participants who may be solicited or submit responses.

The Exchange believes that eliminating the prohibition against assigned Market Makers acting as contra in a PRISM Auction would enhance price improvement opportunities, particularly for retail and smaller Public Customer orders. Allowing assigned Market Makers registered with the Exchange to be facilitated or solicited as contras may result in exposure of more small Public Customer orders to potential price improvement in a PRISM Auction. The Exchange further notes that Options 3, Section 22(d) (Limitations on Order Entry) provides that, prior to or after submitting an order to NTX Options, an Options Participant cannot inform another Participant or any other third party of any of the terms of the order for purposes of

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guarantees that the Agency Order will receive an execution at no worse than the auction price. Upon commencement of an auction, market participants may submit responses to trade against the Agency Order. See Cboe Rule 5.37(c)(5). At the conclusion of an AIM Auction, depending on the contra-side interest (including auction responses) available, the Initiating Order may be allocated a certain percentage (or more) of the Agency Order. See Cboe Rule 5.37(e).

violating this Rule. This protection will remain in place under the proposed rule change to address any potential information leakage concerns in a PRISM Auction as Options 3, Section 22 applies to a PRISM Auction.

The Exchange believes that the restriction has become operationally outdated in current market structure. It is common practice that Agency Orders already involve the same Market Maker firm acting as both the contra-side (in an away Market Maker capacity) and auction respondent (as an assigned Market Maker registered on the Exchange). Eliminating this restriction would reduce an arbitrary and unnecessary burden and allow Market Makers to structure more efficient auction processes, which may ultimately promote greater competition among Market Makers and provide market participants with enhanced opportunities for price improvement.

The Exchange is proposing to amend Options 3, Section 13(i)(F) to permit orders for the accounts of Market Makers in an assigned options class to be solicited for the initiating order submitted for execution against an PRISM Order in all options into a PRISM Auction. The Exchange believes providing assigned Market Makers with an additional way to participate in a PRISM Auction will expand available liquidity for this auction, which may increase execution and price improvement opportunities for Public Customers orders in a PRISM. The Exchange notes that no similar restriction applies to crossing transactions in open outcry trading.<sup>11</sup> Brokers seeking liquidity to execute against customer orders on the trading floor regularly solicit assigned Floor Market Makers in the applicable class for this liquidity, as they are generally the primary source of liquidity in a class. Therefore, the Exchange believes the proposed rule change will further align open outcry and the PRISM Auction and the execution and price

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<sup>11</sup> See e.g., Nasdaq Phlx LLC Rules at Options 8 Rules.

improvement opportunities available in both these auctions by permitting the same participants to be solicited as the contra-side in a PRISM Auction across all options at all times.

In addition to Cboe, the Exchange notes the electronic price improvement auction of another options exchange currently permits orders for the accounts of appointed market-makers to be solicited as the contra orders for that auction.<sup>12</sup>

#### Options 5, Section 4

The Exchange proposes to amend subparagraph (a) at Options 5, Section 4, Order Routing, which currently states, “Immediate-or-Cancel (“IOC”) Orders will be cancelled immediately if not executed, and will not be routed.” The Exchange proposes to instead state that, “Immediate-or-Cancel (“IOC”) Orders will be rejected and will not be routed.” While the current sentence reflects the operation of IOC Orders as provided in Options 3, Section 7(b)(2), within the context of routing, the sentence may be confusing. Options 5, Section 4 explains the manner in which various order types are handled differently for purposes of routing. An IOC Order will not rest on the order book by its definition and cannot route. The Exchange proposes to amend the language to be clear that IOC Orders are not subject to routing and therefore would be rejected. This proposed language is consistent with Options 3, Section 7(b)(2) and makes clear the treatment of IOC Orders for purposes of Options 5, Section 4.

#### **Implementation**

The Exchange proposes to implement these proposed changes on or before Q3 2026. The Exchange will issue an Options Trader Alert indicating the date the changes will be implemented.

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<sup>12</sup> See NYSE American, Inc. (“American”) Rule 971.1NY and NYSE Pillar Options FIX Gateway Protocol Specification, Section 5.2, New Cross Order. See also <https://www.nyse.com/markets/american-options/cube-customer-best-execution>.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>13</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>14</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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.

The Exchange believes the proposed rule change will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because it will provide the primary liquidity providers on the Exchange with an additional way to participate in a PRISM Auction. Additionally, by permitting brokers to solicit primary liquidity providers in a class for a PRISM Auction the Exchange believes brokers will be able to more efficiently locate liquidity to fill their customer orders, particularly during times of volatility. As a result, the Exchange believes the proposed rule change will likely expand available liquidity for a PRISM Auction, which may create additional execution and price improvement opportunities for customers at all times, which ultimately benefits investors.

The Exchange believes the proposed rule change is consistent with the Act because it will further align open outcry and PRISM Auctions and the execution and price improvement opportunities available in both auctions by permitting the same participants to be solicited as contras in both types of auctions across all options. Currently, assigned Market Makers may be solicited with respect to crossing transactions on trading floors but may not be solicited with

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<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

respect to electronic transactions.<sup>15</sup> The Exchange believes there is no reason to restrict Market Makers' ability to provide liquidity into electronic auctions when they are able to similarly provide that liquidity in open outcry trading. As noted above, the electronic price improvement auction of another options exchange currently permits orders for the accounts of assigned market makers to be solicited as the contra orders for that auction.<sup>16</sup>

In particular, the Exchange believes the proposed rule change will promote competition in PRISM Auctions, including competition to initiate PRISM Auctions, which will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors. The Exchange believes the availability of this liquidity to PRISM Auctions will positively affect the experience for PRISM Orders and overall quality of the auctions. Furthermore, the Exchange believes increasing the number of market participants available to be solicited may increase competition to provide initiating orders, which may lead to a PRISM Auction being initiated at a better price. More market participants competing to provide initiating orders may lead to solicited parties providing more aggressive initial prices. The Exchange believes the ability of all market participants, including appointed market makers that did not submit an initiating order, to submit responses to a PRISM Auction will continue to provide competition for executions against PRISM Orders.

The Exchange believes any risk that assigned Market Makers may misuse the nonpublic information of an upcoming PRISM Auction is de minimis. Options 3, Section 13(v) prohibits a pattern or practice of submitting orders or quotes or the purpose of disrupting or manipulating PRISM Auctions, and Options 9, Section 9 requires Participants to establish, maintain, and

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<sup>15</sup> Phlx's trading floor does not have a similar restriction. See Phlx Options 8 Rules.

<sup>16</sup> See supra notes 5 and 12.

enforce written policies and procedures reasonably designed to prevent the misuse of material, nonpublic information by Members and their associated persons. Finally, Options 3, Section 22(d) (Limitations on Order Entry) provides that, prior to or after submitting an order to NTX Options, an Options Participant cannot inform another Options Participant or any other third party of any of the terms of the order for purposes of violating the Rule.

The Exchange believes the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because it will permit orders for accounts of assigned Market Makers to be solicited in the same manner as orders for the accounts of all other market participants. Currently, all market participants other than assigned Market Makers may be solicited as the contra and submit responses in PRISM Auctions for all options. Given the additional costs and obligations associated with being an assigned Market Maker, the Exchange does not believe these Market Makers should have fewer execution opportunities with respect to volume submitted for execution through PRISM Auctions and not for electronic execution against interest in the book. The Exchange believes the proposed rule change will provide all Market Makers on the Exchange with the same ability to participate in PRISM Auctions in all options at all times, which may further increase execution and price improvement opportunities for market participants.

#### Options 5, Section 4

The Exchange's proposal to amend Options 5, Section 4(a) is consistent with the Act because it will bring greater clarity to the current rule text by clearly explaining that IOC Orders will not route.

#### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it provides the same execution opportunities in PRISM Auctions to assigned Market Makers that are currently available to all other market participants. Additionally, the proposed rule change will further align open outcry and electronic auctions and the execution and price improvement opportunities available in both auctions by permitting the same participants to be solicited as contra-side in auctions across all options.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it relates to orders submitted into PRISM Auctions on the Exchange. Additionally, the Exchange notes that, in addition to Cboe, the rules of at least one other options exchange permits orders for the accounts of assigned market makers to be solicited as contra orders for that exchange's electronic price improvement auction.<sup>17</sup> The Exchange believes the proposed rule change may improve price competition within PRISM Auctions, because the primary liquidity providers will be able to increase participation in PRISM Auctions.

Options 5, Section 4

The Exchange's proposal to amend Options 5, Section 4(a) does not impose an undue burden on competition, rather the proposal clarifies the current rule text.

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

No written comments were either solicited or received.

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<sup>17</sup> See supra note 12.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>18</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>19</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>19</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

SR-NasdaqTX-2026-017 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NasdaqTX-2026-017. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/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-NasdaqTX-2026-017 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>20</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**Nasdaq TEXAS, LLC Rules**

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**Options Rules**

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**Options 3 Options Trading Rules**

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**Section 13. Price Improvement Auction ("PRISM")**

A Participant may electronically submit for execution an order it represents as agent on behalf of a Public Customer, broker dealer, or any other entity ("PRISM Order") against principal interest or against any other order [(except as provided in sub-paragraph (i)(F) below) ]it represents as agent (an "Initiating Order") provided it submits the PRISM Order for electronic execution into the PRISM Auction ("Auction") pursuant to this Rule.

(i) Auction Eligibility Requirements. All options traded on the Exchange are eligible for PRISM. A Participant (the "Initiating Participant") may initiate an Auction provided all of the following are met:

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[(F) An Initiating Order may not be a solicited order for the account of any NTX Options Market Maker assigned in the affected series.]

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**Options 5 Order Protection and Locked and Crossed Markets**

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**Section 4. Order Routing**

(a) NTX offers two routing strategies, FIND and SRCH. Each of these routing strategies will be explained in more detail below. An order may in the alternative be marked Do Not Route or "DNR". The Exchange notes that for purposes of this Rule the System will route FIND and SRCH Orders with no other contingencies. Immediate or Cancel ("IOC") Orders will be [cancelled immediately if not executed, ]rejected and will not be routed. The System checks the Order Book for available contracts for potential execution against the FIND or SRCH Orders. After the System checks the Order Book for available contracts, orders are sent to other available market centers for potential execution. When checking the Order Book, the System will seek to execute at the price at which it would send the order to an away market. For purposes of this Rule, a Route Timer shall not exceed one second and shall begin at the time orders are accepted

into the System, and the System will consider whether an order can be routed at the conclusion of each Route Timer. Finally, for purposes of this Rule, "exposure" or "exposing" an order shall mean a notification sent to participants with the price, size, and side of interest that is available for execution. Exposure notifications will be sent to participants in accordance with the routing procedures described in Options 5, Section 4(a)(iii) below except if an incoming order is joining an already established BBO price when the ABBO is locked or crossed with the BBO, in which case such order will join the established BBO price and no exposure notification will be sent. An order exposure will be sent if the order size is modified. For purposes of this Rule NTX's opening process is governed by Options 3, Section 8 and includes an opening after a trading halt ("Opening Process"). Routing options may be combined with all available order types and times-in-force, with the exception of order types and times-in-force whose terms are inconsistent with the terms of a particular routing option. The order routing process shall be available to Participants from 9:30 a.m. Eastern Time until market close and shall route orders as described below. Participants can designate orders as either available for routing or not available for routing. All routing of orders shall comply with Options 5, Options Order Protection and Locked and Crossed Market Rules.

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