



TXSE Regulation Independence Statement

The Securities and Exchange Act of 1934, as amended, designates exchanges as Self-Regulatory Organizations ("SROs"). Such organizations are tasked with a mandate to, among other things, act and implement rules designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, remove impediments to and perfect the mechanisms of a free and open market and a national market system, not permit unfair discrimination between customers, issuers, or dealers, and protect investors and public interest.

In that regard, the Texas Stock Exchange LLC ("TXSE" or the "Exchange") Regulation Department serves as an independent function which is both physically and technologically separate from the other operations of TXSE. The independence of the regulatory function performed by TXSE Regulation provides a construct whereby only employees of the Exchange within TXSE Regulation will have access to confidential information and communications related to the Exchange's regulatory function. Information gathered in administering the TXSE Regulation function may not be used for any non-regulatory purpose. TXSE Regulation shall base all decisions related to regulatory matters concerning the Exchange's members based on the facts and circumstances surrounding the matter and without regard for the Exchange's members' business interests or the business interests of TXSE.

Confidential information and communications related to the Exchange's regulatory function may only be furnished as necessary to fulfill the Exchange's regulatory obligations. For instance, such information may be provided to the SEC, to FINRA pursuant to a Regulatory Services Agreement ("RSA"), to other regulatory bodies under obligations stemming from membership in the Intermarket Surveillance Group ("ISG"), and to other law enforcement agencies as appropriate. The overall TXSE regulatory program is achieved using proven in-house technologies for TXSE market-specific surveillances as well as by leveraging FINRA's expanded capabilities under the aforementioned RSA for member examinations and cross-market surveillances, and exams and surveillances performed by FINRA under SEC Rules 17d-1 and 17d-2.

In further support of the Exchange's independence, TXSE has, among other things, adopted a governance structure designed to mitigate inherent conflicts of interest. Specifically, TXSE has an independent Chief Regulatory Officer ("CRO") that oversees

the Exchange's regulatory function and who reports to an independent Regulatory Oversight Committee (comprised solely of independent directors that serve on the Exchange's board of directors) as well as the Chief Legal Officer. The Regulatory Oversight Committee shall, to the extent the Chief Executive Officer has any indirect supervisory responsibility for the role or function of the CRO, including, but not limited to, implementation of the budget for the regulatory function or regulatory personnel matters, take all steps reasonably necessary to ensure the regulatory autonomy and independence of the CRO and the regulatory function. Furthermore, TXSE is subject to ownership and voting limits as set forth in the governing documents of the Exchange and/or its holding company, which further protect the SRO's independence. Please contact regulation@TXSE.com with questions or inquiries regarding regulatory matters, or to submit a tip or complaint regarding activity that may be in violation of TXSE rules, please contact tipsandcomplaints@TXSE.com. All tips and complaints will remain confidential to the extent possible.