



The Texas Stock Exchange Aims to Buck Wall Street

[Kristian Kerr](#) | Head of Macro Strategy
Last Updated: June 18, 2024

Additional content provided by John Lohse, CFA, Senior Analyst.

The Texas Stock Exchange (TXSE) is saddling up as a new electronic stock exchange to be located in Dallas. Underpinned by a significant investment of \$120 million from industry heavyweights like BlackRock and Citadel Securities, the TXSE aims to shake up the status quo and provide another competitive alternative to the globally recognized New York Stock Exchange (NYSE) and NASDAQ.

A Fresh Perspective

The TXSE intends to bring a fresh perspective to the world of finance, capitalizing on the growing dissatisfaction among companies with escalating compliance costs and regulatory burdens associated with listing on the NYSE and NASDAQ. By leaning into Texas's business-friendly environment and favorable tax policies, the TXSE plans to offer a more cost-effective and less intrusive alternative for companies seeking to go public or trade their shares in the secondary market. The exchange plans to court businesses, particularly those from the southern U.S., and list ETFs and American Depositary Receipts (ADRs) as well as traditional stocks.

Overcoming Challenges

While the TXSE's prospects are exciting, the exchange will face significant challenges in its quest to disrupt the industry. Attracting listings from established companies and achieving sufficient trading volumes and liquidity will be crucial for its success, along with proving its credibility and transparency, which are major staples of the NYSE and NASDAQ. Additionally, the TXSE must navigate the lengthy regulatory approval process with the U.S. Securities and Exchange Commission (SEC), which has been a stumbling block for previous upstart exchanges. It plans to register with the SEC later

this year, and if successful, begin trading operations in late 2025, and list its first companies in 2026.

Economic Impact

Local businesses and state leaders have shown favor for the project as it is expected to have a meaningful impact on the economy in Dallas and the broader Dallas-Fort Worth (DFW) area. Once fully operational, the exchange plans to employ around 100 people in its Dallas headquarters, contributing to job creation and economic growth in the area, even beyond those directly employed by the exchange given the potential for conferences, business investment, and media.

A New Era of Competition

The establishment of the TXSE marks a significant shift in the financial landscape of Texas and beyond. Like so many other budding businesses that it hopes to service, the TXSE is eager to disrupt and grow. As it prepares to take on the New York establishment, all eyes will be on its development and the potential transformation it could bring to the financial landscape of Texas and the region. Whether it can truly challenge the dominance of the NYSE and NASDAQ remains to be seen, but the TXSE's emergence underscores a burgeoning move in the industry back towards decentralization in true capitalist spirit.

IMPORTANT DISCLOSURES

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors. To determine which investment(s) may be appropriate for you, please consult your financial professional prior to investing.

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk.

Indexes are unmanaged and cannot be invested into directly. Index performance is not indicative of the performance of any investment and does not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

This material was prepared by LPL Financial, LLC. All information is believed to be from reliable sources; however LPL Financial makes no representation as to its completeness or accuracy.

Unless otherwise stated LPL Financial and the third party persons and firms mentioned are not affiliates of each other and make no representation with respect to each other. Any company names noted

herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services.

Asset Class Disclosures –

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

Bonds are subject to market and interest rate risk if sold prior to maturity.

Municipal bonds are subject and market and interest rate risk and potentially capital gains tax if sold prior to maturity. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply.

Preferred stock dividends are paid at the discretion of the issuing company. Preferred stocks are subject to interest rate and credit risk. They may be subject to a call features.

Alternative investments may not be suitable for all investors and involve special risks such as leveraging the investment, potential adverse market forces, regulatory changes and potentially illiquidity. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

Mortgage backed securities are subject to credit, default, prepayment, extension, market and interest rate risk.

High yield/junk bonds (grade BB or below) are below investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Precious metal investing involves greater fluctuation and potential for losses.

The fast price swings of commodities will result in significant volatility in an investor's holdings.

Securities and advisory services offered through LPL Financial, a registered investment advisor and broker-dealer. Member [FINRA/SIPC](#).

Not Insured by FDIC/NCUA or Any Other Government Agency | Not Bank/Credit Union Deposits or Obligations | Not Bank/Credit Union Guaranteed | May Lose Value

For Public Use – Tracking: #593209



Kristian Kerr

Kristian Kerr drives the broad, house investment strategy for LPL Financial Research. His career includes over 25 years of industry experience.

