

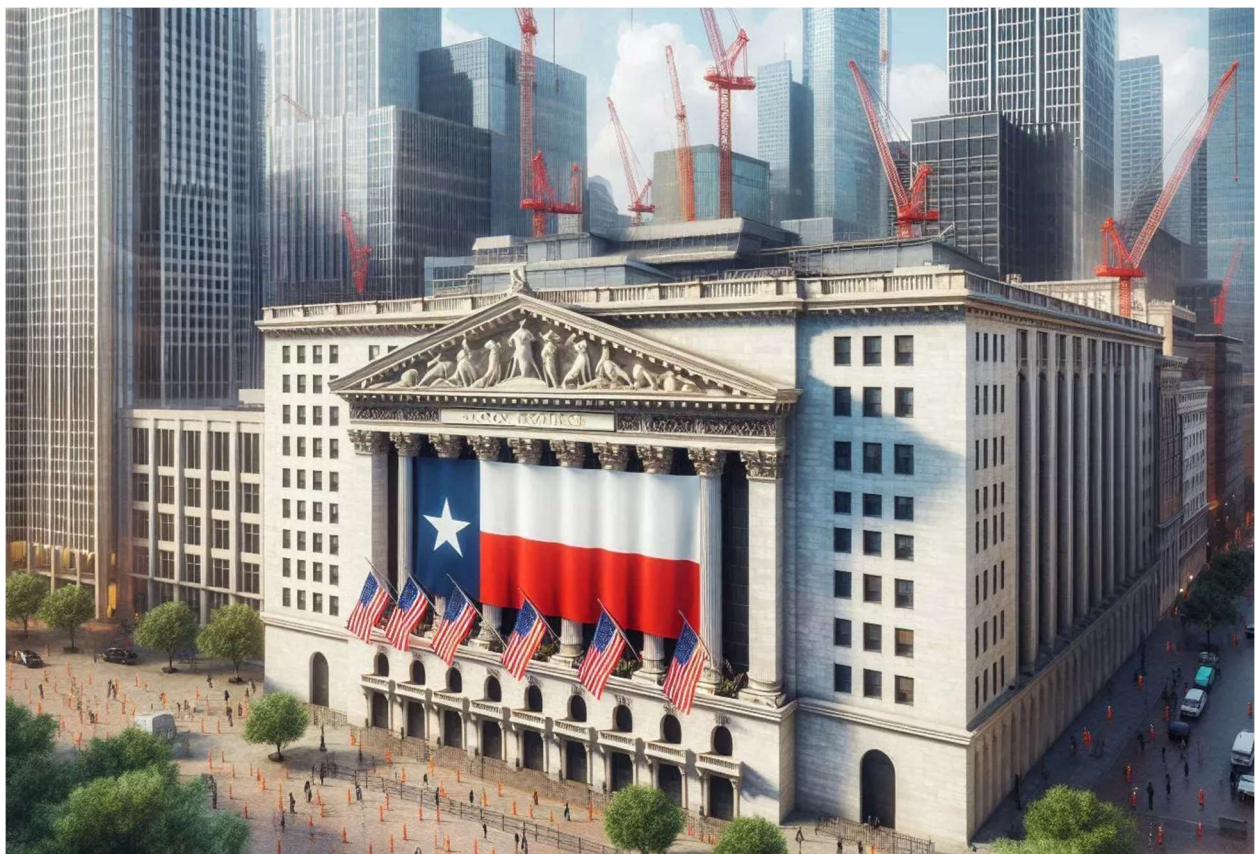
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'This Could Tip The Scales': New Stock Exchange Could Make Texas An Even Stronger Corporate Draw

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Texas pitches itself as a no-brainer market for businesses given its lax regulations, lack of state income tax and relatively low cost of living. Insiders say the proposed Texas Stock Exchange could be yet another catalyst for investment and corporate relocations.



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BlackRock, Citadel Securities and about two dozen investors raised \$120M to create TXSE, which would be headquartered in Downtown Dallas. The alternative to the New York Stock Exchange and Nasdaq aims to facilitate trades in 2025 and host its first listings in 2026.

“The business growth and corporate growth in North Texas has been so significant, the writing is on the wall,” said Maher Maso, principal in Ryan’s Dallas office. “Some of these decisions are made because of the need to be close to where the action is, and this is where the action is.”

The same qualities that attract Fortune 500 companies make Texas an ideal place for a stock exchange, said John Boyd, site selection expert and principal of The Boyd Co. Advantages include its mid-continent location and central time zone, connectivity through airports and ports, as well as Dallas’ cluster of financial institutions and cybersecurity companies.

“Can you think of two better supporters than [CEO] Ken Griffin at Citadel and Blackrock?” Boyd said. “They obviously see the wisdom in this.”

TXSE could serve as a valuable recruitment tool for new banking and tech businesses from around the globe, Boyd said. Dallas is already considered Wall Street’s new favorite satellite location, according to Fortune, with the area home to nearly 600,000 employees in the tech, finance, insurance and real estate sectors.

Other major investments by financial giants in the DFW market include the Charles Schwab headquarters relocation from California in 2021, the \$455M Wells Fargo office project that kicked off in Irving in April 2023 and a Goldman Sachs campus underway downtown.

“It’s another exclamation point on Dallas becoming a global banking hub,” Boyd said, adding the presence of JPMorgan and the Federal Reserve Bank of Dallas as further examples.

The launch of the TXSE could be catalytic for the financial services industry and the overall economy, prompting more companies who list on the exchange to want to set up shop locally.

“It is an attractant to capital, to wealth, to startups that want to be around that kind of energy,” said Mike Rosa, senior vice president of economic development at Dallas Regional Chamber.

While not typically a criteria for corporate relocations, a local stock exchange could spur more development while also raising the state's credibility among domestic and foreign investors.

“This might tip the scales,” Rosa said.

Other regional stock exchanges have not been successful, causing some corporate relocation experts to shy away from speculating on the TXSE's potential impact. After the U.S. Securities and Exchange Commission gave preference to automated trading platforms, the Philadelphia Stock Exchange, the Boston Stock Exchange and the Chicago Stock Exchange merged into either the NYSE or the Nasdaq.



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More recent efforts to create a third exchange have not taken off. IEX Group abandoned its alternative listings business in 2019, which accounted for just 3% of trades at its peak. The Long-Term Stock Exchange began trading in 2020 but has only two companies listed on its exchange.

“The listings business has long been a graveyard for exchanges trying to break into the NYSE-Nasdaq duopoly,” James Angel, a finance professor at Georgetown University, told The Wall Street Journal.

Texas could be different, given its critical mass of headquarters and financial institutions. And it could be particularly attractive for those who favor Texas’ politics and policies over those of New York, industry players said.

That view was echoed by Texas Gov. Greg Abbott, who declared the new stock exchange won’t promote a left-wing agenda, criticizing Nasdaq’s board diversity rule, according to the WSJ.

But others argue that politics won’t be enough for companies to switch to TXSE.

“It’s safe to say that a lot of people in Texas don’t like New York — it’s the political divide,” Issuer Network CEO Patrick Healy told the WSJ. “So I think people will listen to the TXSE’s pitch, but they won’t convert.”

A Texas Stock Exchange would be built and operated using top-of-the-line technology, which could force innovation at older exchanges, Maso said. But rather than pitting one exchange against the other, he said the TXSE should be viewed as complementary to what already exists.

“We’re all Americans,” he said. “Having the exchanges all do well is in everyone’s best interest.”