

AN ACT

relating to the exclusion of certain securities transaction payments from the total revenue of a taxable entity that is a registered securities market operator.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 171.0001(13-a), Tax Code, is amended to read as follows:

(13-a) "Security," for purposes of Sections 171.1011(g), 171.1011(g-2), 171.1011(y), 171.1011(z), and 171.106(f) only, has the meaning assigned by Section 475(c)(2), Internal Revenue Code, and includes instruments described by Sections 475(e)(2)(B), (C), and (D) of that code.

SECTION 2. Section 171.1011, Tax Code, is amended by adding Subsections (y) and (z) to read as follows:

(y) A taxable entity that is a registered securities market operator shall exclude from its total revenue transaction rebate payments made by the operator to a broker or dealer as part of a securities transaction.

(z) For purposes of Subsection (y):

(1) "Broker" has the meaning assigned by 15 U.S.C. Section 78c(a)(4).

(2) "Dealer" has the meaning assigned by 15 U.S.C. Section 78c(a)(5).

(3) "Registered securities market operator" means an

1 entity that is:

2 (A) engaged in activities described in category
3 523210 of the 2022 North American Industry Classification System;
4 and

5 (B) subject to registration with and regulation
6 by the United States Securities and Exchange Commission or the
7 United States Commodity Futures Trading Commission.

8 (4) "Securities transaction" means the purchase or
9 sale of a security by a broker or dealer.

10 (5) "Transaction rebate payment" means an amount paid
11 to incentivize a broker or dealer to provide liquidity to the
12 market.

13 SECTION 3. This Act applies only to a report originally due
14 on or after the effective date of this Act.

15 SECTION 4. This Act takes effect January 1, 2026.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1058 passed the Senate on April 10, 2025, by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1058 passed the House on April 29, 2025, by the following vote: Yeas 137, Nays 9, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor