

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82074; File No. SR-Phlx-2017-90]

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Section VIII of the Nasdaq PHLX LLC Pricing Schedule

November 14, 2017.

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 November 1, 2017, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“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 Section VIII (Nasdaq PSX Fees) of the Exchange’s Pricing Schedule to decrease both the amount of and the Consolidated Volume necessary to qualify for the credit that the Exchange pays to member organizations for displayed quotes and orders that provide liquidity throughout the Nasdaq PSX System.

The text of the proposed rule change is available on the Exchange’s Web site at <http://nasdaqphlx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

#### 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 purpose of the proposed rule change is to amend Chapter VIII of the Exchange’s Pricing Schedule to decrease both the amount of and the Consolidated Volume necessary to qualify for the credit that the Exchange pays to member organizations for displayed quotes and orders that provide liquidity throughout the Nasdaq PSX System. Presently, the Exchange provides a credit of \$0.0031 per share executed for Quotes/Orders entered by a member organization that provides and accesses 0.25% or more of Consolidated Volume during the month. The Exchange is proposing to decrease the amount of this credit from \$0.0031 to \$0.0030 while also decreasing the level of monthly Consolidated Volume that is required of a member organization to qualify for the credit from 0.25% to 0.20%.

##### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>3</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>4</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed \$0.0030 per share executed credit provided to a member organization for displayed quotes and orders remains competitive with the fees of other exchanges. For example, Rule 7018(a)(1) of the Rules of The Nasdaq Stock Market provide for a credit of up to \$0.00305 per share executed for displayed quotes and orders. Moreover, the effect of the proposed decrease in this credit is offset, in part, by a corresponding decrease in the Consolidated Volume threshold that is applicable to the credit. The net effect of the changes, in other words, will be to increase the universe of member organizations that qualify for the credit while decreasing the size of the credit.

Meanwhile, the Exchange believes that the proposed changes are an equitable allocation and are not unfairly discriminatory because they will apply

to all member organizations, any of which may provide the level of Consolidated Volume required to qualify for the credit.

#### 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 not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposed changes to the credits available to member organizations for displayed quotes and orders do not impose a burden on competition because the Exchange’s execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The Exchange has determined that the existing credit level and corresponding Consolidated Volume threshold has not achieved the desired participation on the Exchange. Consequently, the Exchange is decreasing to 0.20% the Consolidated Volume threshold required to receive the credit while also decreasing the amount of the credit from \$0.0031 to \$0.0030 per share executed credit [sic]. In sum, the Exchange intends to make it easier for member organizations to receive a credit in an effort to increase participation on the Exchange.

If the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. The Exchange notes that competing order execution venues are free to increase their credits, or decrease qualification criteria required to receive credits, in reaction to the proposed changes. Accordingly, the Exchange does not believe that the

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

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

<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(4) and (5).

proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

*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.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>5</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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2017-90 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-Phlx-2017-90. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements

with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2017-90 and should be submitted on or before December 11, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

[FR Doc. 2017-25038 Filed 11-17-17; 8:45 am]

**BILLING CODE 8011-01-P**

**DEPARTMENT OF STATE**

**[Public Notice: 10207]**

**Defense Trade Advisory Group; Notice of Open Meeting**

Title: Defense Trade Advisory Group; Notice of Open Meeting.

**SUMMARY:** The Defense Trade Advisory Group (DTAG) originally scheduled an open session on Thursday, December 7, 2017 (See **Federal Register**/Vol. 82, No. 212/November 3, 2017/Notices) however this session has been cancelled. The session has been rescheduled for February 1, 2018 from 1:00 p.m. until 5:00 p.m. at 1777 F Street NW., Washington, DC 20006. If you wish to attend this meeting, you must submit your registration for the February session even if you previously registered for the December session. Entry will begin at 12:30 p.m. The membership of this advisory committee consists of private sector defense trade representatives, appointed by the Assistant Secretary of State for Political-Military Affairs, who advise the

Department on policies, regulations, and technical issues affecting defense trade. The purpose of the meeting will be to discuss current defense trade issues and topics for further study.

The following agenda topics will be discussed and final reports presented: (1) One-Form electronic filing, review and discuss recommendations for making electronic filing more cost-effective and efficient for industry; (2) Identify key areas of concern with the proposed definition for defense services in 80 FR 31525 (June 3, 2015); (3) Review and provide feedback in accurately and effectively defining "manufacturing" and distinguishing it from other related activities like assembly, integration, installment and various services; and (4) Examine and discuss the current rules regarding the release of technical data to foreign dual-nationals and identify alternative options that sufficiently facilitate risk assessment and risk mitigation.

Members of the public may attend this open session and will be permitted to participate in the discussion in accordance with the Chair's instructions. Members of the public may, if they wish, submit a brief statement to the committee in writing.

As seating is limited to 125 persons, each member of the public or DTAG member that wishes to attend this plenary session should provide: his/her name and contact information such as email address and/or phone number and any request for reasonable accommodation to the DTAG Alternate Designated Federal Officer (DFO), Anthony Dearth, via email at [DTAG@state.gov](mailto:DTAG@state.gov) by COB Monday, January 22, 2018. If notified after this date, the Department might be unable to accommodate requests due to requirements at the meeting location. One of the following forms of valid photo identification will be required for admission to the meeting: U.S. driver's license, passport, U.S. Government ID or other valid photo ID.

**FOR FURTHER INFORMATION CONTACT:** Ms. Glennis Gross-Peyton, PM/DDTC, SA-1, 12th Floor, Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, U.S. Department of State, Washington, DC 20522-0112; telephone (202) 663-2862; FAX (202) 261-8199; or email [DTAG@state.gov](mailto:DTAG@state.gov).

**Anthony Dearth,**

*Alternate Designated Federal Officer, Defense Trade Advisory Group, Department of State.*

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<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>6</sup> 17 CFR 200.30-3(a)(12).