

on this review, the Commission issued a “pass back” letter to the PCAOB on October 25, 2017. On November 16, 2017, the PCAOB adopted its 2018 budget during an open meeting, and subsequently submitted that budget to the Commission for approval.

After considering the above, the Commission did not identify any proposed disbursements in the 2018 budget adopted by the PCAOB that are not properly recoverable through the annual accounting support fee, and the Commission believes that the aggregate proposed 2018 annual accounting support fee does not exceed the PCAOB’s aggregate recoverable budget expenses for 2018.

The Commission also acknowledges the PCAOB’s updated strategic plan and encourages the PCAOB to continue keeping the Commission and its staff apprised of significant new developments. The Commission looks forward to providing its views to the PCAOB as future updates are made to the plan. In addition, the PCAOB should submit its 2017 annual report to the Commission by April 2, 2018.

The Commission directs the Board during 2018 to continue to provide periodic updates to the Commission relating to the monitoring of estimated cost savings and efficiencies gained through certain initiatives implemented in recent years. The Board shall continue its review of its compensation and travel policies and report to the Commission the results of this review.

In May 2017, the PCAOB formed the Office of Economic and Risk Analysis (“ERA”) by integrating the staff of the Center for Economic Analysis (“CEA”) that conducted economic analysis and research with staff from the Office of Research and Analysis (“ORA”) that conducted risk assessment and data analysis. The Commission directs the PCAOB during 2018 to provide quarterly updates to the Commission on ERA’s activities and progress towards its stated goals, including the work to integrate staff from the former CEA and ORA.

The Commission directs the Board during 2018 to continue to provide in its quarterly reports to the Commission detailed information about the state of the PCAOB’s information technology (“IT”) program, including planned, estimated, and actual costs for IT projects, and the level of involvement of consultants. These reports also should continue to include: (a) A discussion of the Board’s assessment of the IT program; and (b) the quarterly IT report that is prepared by PCAOB staff and submitted to the Board.

The Commission also directs the Board during 2018 to continue to include in its quarterly reports to the Commission information about the PCAOB’s inspections program. Such information is to include: (a) Statistics relative to the numbers and types of firms budgeted and expected to be inspected in 2018, including by location and by year the inspections are required to be conducted in accordance with the Sarbanes-Oxley Act and PCAOB rules; (b) information about the timing of the issuance of inspections reports for domestic and non-U.S. inspections; and (c) updates on the PCAOB’s efforts to establish cooperative arrangements with respective non-U.S. authorities for inspections required in those countries.

The Commission understands that the Office of Management and Budget (“OMB”) has determined the 2018 budget of the PCAOB to be sequestrable under the Budget Control Act of 2011.⁴ For 2017, the PCAOB sequestered \$17 million. That amount will become available in 2018. For 2018, the sequestration amount will be 6.6% or \$17.2 million. Accordingly, the PCAOB should submit a revised spending plan for 2018 reflecting a \$0.2 million reduction to budgeted expenditures as a result of the increase in sequestration amount from 2017 to 2018.

The Commission has determined that the PCAOB’s 2018 budget and annual accounting support fee are consistent with Section 109 of the Sarbanes-Oxley Act. Accordingly,

It is ordered, pursuant to Section 109 of the Sarbanes-Oxley Act, that the PCAOB budget and annual accounting support fee for calendar year 2018 are approved.

By the Commission.

Brent J. Fields,

Secretary.

[FR Doc. 2018–00642 Filed 1–16–18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, that the Commission will co-host the SEC–NYU Dialogue on Securities Markets—Shareholder

⁴ See “OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2018”, Appendix page 16 of 16 available at https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/sequestration_reports/2018_jc_sequestration_report_may2017_potus.pdf.

Engagement on Friday, January 19, 2018, beginning at 9:10 a.m. (ET).

PLACE: The meeting will be held at the New York University’s Salomon Center for the Study of Financial Institutions, 44 W. 4th Street, New York, NY 10112.

STATUS: This meeting will begin at 9:10 a.m. (ET) and will be open to the public. Attendees can pre-register for in-person attendance or webcast. The meeting will be webcast live by NYU and later archived on the Commission’s website at www.sec.gov.

MATTERS TO BE CONSIDERED: The event is scheduled to include welcome remarks by SEC Chairman Jay Clayton, concluding remarks by SEC Commissioner Kara Stein, and panel discussions that Commissioners may attend. The panel discussions will address, among other matters, the increasing ownership of public companies by large institutional investors, the influence of activist investors, the role of proxy advisory services, and other changes in the way investors and public companies engage with each other.

This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

CONTACT PERSON FOR MORE INFORMATION: For further information and to ascertain what, if any, matters have been added, deleted or postponed; please contact Brent J. Fields from the Office of the Secretary at (202) 551–5400.

Dated: January 11, 2018.

Brent J. Fields,

Secretary.

[FR Doc. 2018–00738 Filed 1–12–18; 11:15 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82479; File No. SR–NASDAQ–2018–002]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Add a New Rule 6200 To Codify Participant Risk Settings in the Exchange’s Trading System (as Set Forth in a Proposed IM–6200–1) and To Authorize the Exchange To Share Those Settings With the Clearing Member That Clears Transactions on Behalf of the Participant

January 10, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 3, 2018, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 add a new Rule 6200 to codify Participant risk settings in the Exchange’s trading system (as set forth in a proposed IM-6200-1) and to authorize the Exchange to share such risk settings with the clearing member that clears transactions on behalf of the Participant.

The text of the proposed rule change is set forth below. Proposed new language is *italicized*; deleted text is in brackets.

* * * * *
The Nasdaq Stock Market Rules
* * * * *

Equity Rules
* * * * *

[6200. Reserved.]

6200. Exchange Sharing of Participant Risk Settings

The Exchange may share any Participant risk settings in the trading system specified in IM-6200-1 with the clearing member that clears transactions on behalf of the Participant. For purposes of this Rule, the term “Participant” has the meaning set forth in Rule 4701(c).

IM-6200-1. Risk Settings

The Exchange offers certain risk settings applicable to a Participant’s activities on the Exchange. The risk settings currently offered by the Exchange are:

(a) Share Size Control—When enabled by a Participant, this optional control will allow a Participant to limit the number of shares that the Participant may associate with an order placed on the Exchange;

(b) ISO Control—When enabled by a Participant, this optional control will prevent a Participant from entering an ISO order onto the Exchange;

(c) Cancel-on-Disconnect Control—When enabled by a Participant, this

optional control will allow a Participant, when it experiences a disruption in its connection to the Exchange, to immediately cancel all pending Exchange orders except for those designated for the Opening or Closing Crosses and Good-Till-Canceled orders (RASH & FIX only);

(d) The Nasdaq Kill Switch—This control is described in Rule 6130;

(e) Limit Order Protection—This control is described in Rule 4757(c);

(f) Price Collar Check—This control will automatically restrict a routed order from executing at a price that differs from the NBBO (at the time of order entry) by more than five percent or \$0.25, whichever difference is greater. The system will proceed to route an order unless and until it crosses the greater of these two price collars, and if it does so, then the system will block further routings of the order that fall outside of the collars. For example, if the NBBO is \$99 x \$100 at the time of entry of a buy order, then the system will route the order at prices at or below \$105, but will stop doing so if the offer price rises above \$105 (five percent of the NBO).

(g) Maximum Order Volume Check—This control will automatically reject an order for routing away that exceeds a maximum volume of shares. As applied to equity orders, the default maximum order volume is set at 25,000 shares, but the Participant may request that the Exchange set a higher default based on historic volume.

(h) Cumulative Order Volume Check—This control will automatically block an attempt by a Participant using a particular MPID to route orders away to buy or sell equity securities that, cumulatively, exceed 9.5 million shares during a five second time period; and

(i) Duplication Control—This control will automatically reject an order that a Participant submits to the Exchange to the extent that it is duplicative of another order that the Participant submitted to the Exchange during the prior five seconds.

* * * * *

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 Exchange proposes to adopt proposed IM-6200-1, which codifies a comprehensive list of Participant risk settings in the Exchange’s trading system. The Exchange also proposes to adopt new Rule 6200 to authorize the Exchange to share these risk settings with the clearing member that clears transactions on behalf of the Participant. For purposes of Rule 6200, the term “Participant” has the meaning set forth in Rule 4701(c).³

Participants are required to be members of the Exchange. Rule 4618 states that “all transactions through the facilities of the Nasdaq Market Center shall be cleared and settled through a registered clearing agency using a continuous net settlement system.” It further provides that this requirement may be satisfied by “direct participation, use of direct clearing services, by entry into a correspondent clearing arrangement with another member that clears trades through such a clearing agency. . . .” Further, pursuant to Rule 4627, every clearing member acting on a Participant’s behalf that constitutes a side of a system trade is responsible for honoring such trades of that Participant.

All Participants that are not clearing members require a clearing member’s consent to clear transactions on their behalf in order to conduct business on the Exchange. Each Participant that transacts through a clearing member on the Exchange must have an arrangement between the Participant and the clearing member. The Exchange is provided notice of which clearing members have relationships with which Participants. The clearing member that guarantees the Participant’s transactions on the Exchange has a financial interest in understanding the risk tolerance of the Participant. The proposal would provide the Exchange with authority to directly provide clearing members with information that may otherwise be available to such clearing members by virtue of their relationship with the respective Participants.⁴

³ A “Participant” is an entity that fulfills the obligations contained in Rule 4611 regarding participation in the System, and includes Nasdaq ECNs, Nasdaq Market Makers, and Order Entry Firms.

⁴ The Exchange notes that its proposal would cover Sponsored Participants, as set forth in Rule

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Proposed IM-6200-1 would codify a list of risk settings that are currently offered by the Exchange and would be covered by proposed Rule 6200. This list is comprehensive with respect to the risk settings that the Exchange presently offers. Certain of these risk settings are mandatory for Participants, meaning that the Exchange either imposes specific risk tolerances that are uniform for all Participants or it sets default risk tolerances, but it affords flexibility to Participants to select their own risk tolerance levels. In certain instances, the Exchange does not require Participants to utilize risk settings, but instead makes them available for use at the option of Participants. The risk settings set forth in proposed IM-6200-1 comprise the following:

- *Share Size Control*—When enabled by a Participant, this optional control will allow a Participant to limit the number of shares that the Participant may associate with an order placed on the Exchange;

- *ISO Control*—When enabled by a Participant, this optional control will prevent a Participant from entering an ISO order onto the Exchange;

- *Cancel-on-Disconnect Control*—When enabled by a Participant, this optional control will allow a Participant, when it experiences a disruption in its connection to the Exchange, to immediately cancel all pending Exchange orders except for those designated for the Opening or Closing Crosses, and Good-Till-Canceled orders (RASH & FIX only);

- *The Nasdaq Kill Switch*—This control is described in Rule 6130;

- *Limit Order Protection*—This control is described in Rule 4757(c);

- *Price Collar Check*—This control will automatically restrict a routed order from executing at a price that differs from the NBBO (at the time of order entry) by more than five percent or \$0.25, whichever difference is greater. The system will proceed to route an order unless and until it crosses the greater of these two price collars, and if it does so, then the system will block further routings of the order that fall outside of the collars. For example, if the NBBO is \$99 × \$100 at the time of entry of a buy order, then the system will route the order at prices at or below \$105, but will stop doing so if the offer price rises above \$105 (five percent of the NBO).

- *Maximum Order Volume Check*—This control will automatically reject an

order for routing away that exceeds a maximum volume of shares. As applied to equity orders, the default maximum order volume is set at 25,000 shares, but the Participant may request that the Exchange set a higher default based on historic volume.

- *Cumulative Order Volume Check*—This control will automatically block an attempt by a Participant using a particular MPID to route orders away to buy or sell equity securities that, cumulatively, exceed 9.5 million shares during a five second time period; and

- *Duplication Control*—This control will automatically reject an order that a Participant submits to the Exchange to the extent that it is duplicative of another order that the Participant submitted to the Exchange during the prior five seconds.

As set forth above, the proposal to authorize the Exchange to share any of the Participant's risk settings with the clearing member that clears transactions on behalf of the Participant would be limited to the risk settings specified in proposed IM-6200-1. The Exchange notes that use by a Participant of the risk settings offered by the Exchange is optional for share size, ISO, kill switch, and cancel-on disconnect controls, and is required in other instances.⁵ By using the optional risk settings, following this proposed Rule change a Participant therefore also opts-in to the Exchange sharing its risk settings with its clearing member. The Exchange notes that any Participant that does not wish to share its mandatory risk settings with its clearing member could avoid sharing such settings by becoming a clearing member.

To the extent that a clearing member might reasonably require a Participant to provide access to its risk settings as a prerequisite to continuing to clear trades on the Participant's behalf, the Exchange's proposal to share those risk settings directly reduces the administrative burden on Participants and ensures that clearing members are receiving information that is up-to-date and conforms to the settings active in the Exchange's trading system. Further, the Exchange believes that the proposal will help such clearing members to better monitor and manage the potential risks that they assume when clearing for Participants of the Exchange.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b)

of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁷ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The proposed rule change will allow the Exchange to directly provide a Participant's risk settings to the clearing member that clears trades on behalf of the Participant. A clearing member guarantees transactions executed on Nasdaq for members with whom it has entered into a clearing arrangement, and therefore bears the risk associated with those transactions. The Exchange therefore believes that it is appropriate for the clearing member to have knowledge of what risk settings the Participant may utilize within the Exchange's trading system. The proposal will permit clearing members who have a financial interest in the risk settings of Participants with whom the Participants have entered into clearing arrangements to better monitor and manage the potential risks assumed by clearing members, thereby providing clearing members with greater control and flexibility over setting their own risk tolerance and exposure and aiding clearing members in complying with the Act. To the extent a clearing member might reasonably require a Participant to provide access to its risk settings as a prerequisite to continuing to clear trades on the Participant's behalf, the Exchange's proposal to share those risk settings directly reduces the administrative burden on Participants and ensures that clearing members are receiving information that is up-to-date and conforms to the settings active in the Exchange's trading system. Moreover, the proposal will foster cooperation and coordination with persons engaged in facilitating transactions in securities and more generally, will protect investors and the public interest, by reducing administrative burdens on both clearing members and other Participants and by allowing clearing members to better monitor their risk exposure.

The Exchange further believes that codifying the risk settings described above in proposed IM-6200-1 is consistent with the Act. These settings

4615, meaning that the proposal would authorize the Exchange to share the risk settings of Sponsored Participants with clearing members that clear trades on their behalf.

⁵ As noted above, for the Maximum Order Volume Check, the Exchange sets a default order volume but Participants have flexibility to adjust this level.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

assist Participants in managing and controlling the risks associated with their access to and activity on the Exchange, both for the benefit of Participants and investors. The Exchange's risk settings, moreover, are consistent with risk settings employed by other exchanges, such as Cboe BYX. Although the Exchange presently offers these risk settings, codifying them will provide additional transparency to Participants regarding the risk settings offered by the Exchange. It will also foster cooperation and coordination with persons engaged in facilitating transactions in securities and more generally, will protect investors and the public interest, by providing additional transparency regarding risk settings offered by the Exchange.

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 that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed rule change is not designed to address any competitive issues and does not pose an undue burden on non-clearing members because, unlike clearing members, non-clearing members do not guarantee the execution of a Participant's transactions on the Exchange. Moreover, the proposal to share risk settings with clearing members will not burden competition among clearing members because it will apply to all clearing members equally and regardless of size. The Exchange notes that this proposal will not affect competition among Participants because the proposal provides for sharing of all of Participants' risk settings set forth in IM-6200-1. Any Participant that does not wish to share its risk settings with its clearing member could avoid sharing such settings by becoming a clearing member. Lastly, the proposal to codify the Exchange's risk settings will not burden competition among Participants because the risk settings are already available to or required of Participants and will continue to be available or required of all Participants going forward.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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. Please include File Number SR-NASDAQ-2018-002 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should refer to File Number SR-NASDAQ-2018-002. 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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 website 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-NASDAQ-2018-002 and should be submitted on or before February 7, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2018-00634 Filed 1-16-18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82481; File No. SR-NASDAQ-2017-133]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Eliminate Transitional Rules That Have Expired Related to Compensation Committee Listing Standards

January 10, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 27, 2017, The Nasdaq Stock Market LLC ("Nasdaq" 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

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.