

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82601; File No. SR-Phlx-2018-11]

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate the Consolidated Audit Trail Compliance Rules

January 30, 2018.

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 January 24, 2018, Nasdaq PHLX LLC (“Phlx” 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 relocate the Consolidated Audit Trail Compliance rules (“CAT Rules”), Rules 900A through 996A, to General 7, Sections 1 through 13 in the Exchange’s rulebook’s (“Rulebook”) shell structure.

The text of the proposed rule change is available on the Exchange’s website 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 Exchange proposes to relocate the CAT Rules, currently identified as Rules 900A through 996A, to General 7, Sections 1 through 13 of the Rulebook’s shell structure.

The Exchange adopted the CAT Rules to implement a consolidated audit trail in order to capture customer and order event information to comply with the provisions of the National Market System Plan Governing the Consolidated Audit Trail.<sup>3</sup> Because the CAT Rules apply across all markets and to all products,<sup>4</sup> the Exchange believes it is pertinent that they be located in the General section of the Rulebook’s shell; therefore, the Exchange will amend the shell structure, creating a new “General 7 Consolidated Audit Trail Compliance” title under “General Equity and Options Rules,” and make conforming changes to the “Options Rules” titles; moreover, this proposal is consistent with similar filings concurrently submitted by the Affiliated Exchanges.

The relocation of the CAT Rules is part of the Exchange’s continued effort to promote efficiency and conformity of its processes with those of its Affiliated Exchanges.<sup>5</sup> The Exchange believes that the migration of the CAT Rules to their new location will facilitate the use of the Rulebook by Members<sup>6</sup> of the Exchange who are members of other Affiliated Exchanges. Moreover, the proposed changes are of a non-substantive nature and will not amend the relocated rules other than to update their numbers, make cross-reference changes, and make a minor change to harmonize the proposed rule text with the filings simultaneously submitted by the Affiliated Exchanges.

##### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by promoting efficiency and conformity of the Exchange’s processes with those of the Affiliated Exchanges and to make the Exchange’s Rulebook easier to read and more accessible to its Members. The Exchange believes that the relocation of the CAT Rules and cross-reference updates are of a non-substantive nature.

#### 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. The proposed changes do not impose a burden on competition because, as previously stated, they (i) are of a non-substantive nature, (ii) are intended to harmonize the Exchange’s rules with those of its Affiliated Exchanges, and (iii) are intended to organize the Rulebook in a way that it will ease the Members’ navigation and reading of the rules across the Affiliated Exchanges.

#### 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)(iii) of the Act<sup>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>11</sup> normally does not become operative prior to 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)<sup>12</sup> permits the

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange’s intent to file the proposed rule change, along with a brief description and 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.

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>3</sup> See Securities Exchange Act Release No. 80256 (March 15, 2017), 82 FR 14526 (March 21, 2017) (SR-Phlx-2017-07) (Order Approving Proposed Rule Changes To Adopt Consolidated Audit Trail Compliance Rules).

<sup>4</sup> *Id.*

<sup>5</sup> See footnote 3.

<sup>6</sup> Exchange Rule 1(r).

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

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

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

Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the Exchange can reorganize its Rulebook as already approved by the Commission. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change as operative upon filing.<sup>13</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-2018-11 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-Phlx-2018-11. 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

<sup>13</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 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-Phlx-2018-11 and should be submitted on or before February 23, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

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## DEPARTMENT OF STATE

[Public Notice: 10258]

### Global Magnitsky Human Rights Accountability Act Annual Report

**AGENCY:** Department of State.

**ACTION:** Notice.

**SUMMARY:** This notice contains the text of the report, submitted by the President required by the Global Magnitsky Human Rights Accountability Act, as submitted by the Secretary of State.

**FOR FURTHER INFORMATION CONTACT:** Benjamin A. Kraut, Email: [Krautb@state.gov](mailto:Krautb@state.gov), Phone: (202) 647-9452.

**SUPPLEMENTARY INFORMATION:** On December 21, 2017, The Secretary of State approved the following report pursuant to a delegation of authority from the President under Executive Order 13818. Executive Order 13818, which implements the Global Magnitsky Human Rights Accountability Act (Pub. L. 114-328, Subtitle F), was issued by the President on December 20, 2017

with an effective date of December 21, 2017. The text of the report follows:

As required by Section 1264 of the Global Magnitsky Human Rights Accountability Act of 2016 (Pub. L. 114-328, Subtitle F) (the "Act"), and in accordance with the executive order (E.O.) issued to implement the Act, the Secretary of State, in consultation with the Secretary of the Treasury, submits this report to detail the Administration's implementation of the Act in 2017.

Enacted on December 23, 2016, the Act authorizes the President to impose financial sanctions and visa restrictions on foreign persons responsible for acts of corruption or certain human rights violations. On December 20, 2017, the President issued an executive order to implement the Act. This executive order authorizes the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, to impose financial sanctions on persons determined to be directly or indirectly responsible for serious human rights abuse or acts of significant corruption. The executive order also authorizes the Secretary of State to impose visa restrictions on persons designated pursuant to the executive order.

The United States is committed to protecting and promoting human rights and combatting corruption around the world. These efforts advance a world order that reflects U.S. values and increases the security of the United States, its allies, and its partners. The United States has led, and is uniquely positioned to continue leading, the international community in efforts to combat human rights abuse and corruption on the international stage. Sanctions issued pursuant to the Act, as implemented by the executive order, are consistent with these longstanding efforts.

The United States will, under the executive order, pursue tangible and significant consequences for those who commit serious human rights abuse and engage in corruption. This tool will be used without hesitation to advance U.S. interests in cases involving human rights abusers or corrupt actors who are beyond the reach of other U.S. sanctions authorities, but whose designation could have an impact on these and other malign actors.

#### Financial Sanctions

Over the last year, various departments and agencies of the United States Government have actively collected information from multiple sources—including the Intelligence Community, U.S. missions around the world, non-governmental organizations,

<sup>14</sup> 17 CFR 200.30-3(a)(12).