THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** THURSDAY, OCTOBER 12, 2017 ~ VOL. CCLXX NO. 87 WSJ.com ★★★★ $4.00

DJIA 22872.89 ▲ 42.21 0.2% NASDAQ 6603.55 ▲ 0.25% STOXX 600 390.15 ▼ 0.01% 10-YR. TREAS. ▼ 1/32, yield 2.346% OIL $51.30 ▲ $0.38 GOLD $1,285.80 ▼ $4.80 EURO $1.1859 YEN 112.49

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Business & Finance

Beijing is pushing some of China's biggest tech firms to offer the state a stake in them and a direct role in corporate decisions. **A1**

◆ **Most Fed officials** believed at September's meeting that they would likely raise rates again this year, but inflation questions persisted. **A2**

◆ **Kobe Steel's admission** that it doctored quality documentation is forcing safety checks by car makers and other customers. **B1**

◆ **BlackRock's assets** climbed to $5.98 trillion, helped by rising stock markets and ETF inflows. **B1**

◆ **The IMF said** some of the world's largest banks could struggle to remain sufficiently profitable in coming years. **B1**

◆ **Weinstein Co.'s** challenges are continuing to pile up after the ouster of co-chairman Harvey Weinstein. **B1**

◆ **U.S. stock indexes** set records in quiet trading. The Dow added 42.21 points to close at 22872.89. **B11**

◆ **Delta said** it doesn't expect to have to pay proposed tariffs on planes it has on order from Canada's Bombardier. **B3**

◆ **Fox faces** the prospect of smaller TV audiences for soccer's World Cup after the U.S. men's team failed to qualify. **B2**

◆ **Coach is changing** its name to Tapestry to reflect its multiple brands. **B3**

◆ **Kroger said** it may sell its convenience stores, as the grocer battles rivals. **B3**

◆ **AllianceBernstein** is in talks to shift some staff out of New York to cut costs. **B10**

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◆ **Trump is planning** to sign an executive order to initiate the unwinding of the ACA, paving the way for sweeping changes to health-insurance rules by allowing the sale of less-comprehensive health plans to expand. **A1**

◆ **Russia modified** Kaspersky antivirus software to scan computers around the world for classified U.S. documents. **A1**

◆ **Trump picked** cybersecurity expert Kirstjen Nielsen, the top aide to Kelly, to be the next Homeland Security secretary. **A4**

◆ **House lawmakers** leading an election-meddling investigation plan to release Facebook ads bought by Russian groups. **A8**

◆ **U.S. trade officials** are proposing a number of ways to water down Nafta, sparking a backlash as talks resume. **A11**

◆ **California officials** said firefighters had made little progress in containing blazes that have killed at least 23. **A3**

◆ **Spain's prime minister** set a deadline for Catalonia's leader to clarify whether he declared independence. **A10**

◆ **The Boy Scouts** will admit girls, a move that could help the organization counter dwindling membership. **A3**

◆ **The Navy secretary** plans to unveil potentially far-reaching changes after collisions involving U.S. warships. **A4**

◆ **The Supreme Court** weighed whether corporations can be sued under a statute allowing foreigners to file cases in U.S. courts alleging international-law violations. **A8**

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As Trade Ties Fray, Trump Has the Neighbors Over

JONATHAN ERNST/REUTERS

KEEPING UP APPEARANCES: President Donald Trump and first lady Melania Trump pose with Canada's prime minister, Justin Trudeau, and his wife, Sophie Grégoire Trudeau, as discussions over the North American Free Trade Agreement begin in Washington. **A11**

China Seeks Stakes in Tech Titans

BY LI YUAN

The Chinese government is pushing some of its biggest tech companies—including Tencent, Weibo and a unit of Alibaba—to offer the state a stake in them and a direct role in corporate decisions.

Wary of the increasing power of private businesses, internet regulators have discussed taking 1% stakes with social-media powers Tencent Holdings Ltd. and Weibo Corp. and with Youku Tudou, a YouTube-like video platform owned by e-commerce titan Alibaba Group Holding Ltd., according to people close to the companies.

While the authoritarian government already exerts heavy sway over businesses through regulation, a management role would give Beijing a direct hand in innovative companies that service hundreds of millions of Chinese.

The biggest of these companies have expanded beyond their original niches into finance, health care and transportation, collecting data that give them unparalleled insights into people's lives. Some companies privately say they are wary of the move.

The new steps come as pressure on China's tech companies is rising. Regulators last month fined social-media platforms owned by Tencent, Weibo and Baidu for hosting pornography, fake news and other banned content. The Communist Party newspaper People's Daily attacked Tencent's top game, "Honor of Kings," for being too addictive for younger Chinese, the company's share price fell 4% in one day, wiping $14 billion off its market value.

An initial rollout of what the government calls "special management shares" started with two internet media startups. Regulators and the People's Daily website are taking stakes of less than 2% in mobile news platform Yidian Zixun and Beijing Tiexue Tech Co., operator of a patriotic news site.

In exchange, the investors get to appoint a government official to the companies' boards and have a say over their operations, people familiar with the deals said.

Internet regulator Cyberspace Administration, a chief force in the government's management share plans and a stakeholder in Yidian Zixun, referred queries to the Propaganda Department, the Communist Party's press office, which didn't respond to a request for comment. Nor did two other internet regulators.

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Planning a Trip? Consider the Plane

On-time arrivals for the big three U.S. airlines depend in part on the which aircraft they fly. **A13**

United	MODEL	ON-TIME ARRIVAL RATE
BEST	Boeing 737	81.5%
WORST	Boeing 747	63.1%
Delta		
BEST	Boeing 737	85.6%
WORST	Airbus A330	75.2%
American		
BEST	Airbus A320 family*	76.5%
WORST	Boeing 767	65.3%

*A320 includes A319 and A321 aircraft.
Note: Data are for June 1 to Aug. 31 of 2016 and 2017 combined
Source: masFlight

Russia Modified Software to Spy

BY SHANE HARRIS AND GORDON LUBOLD

WASHINGTON—The Russian government used a popular antivirus software to scan computers around the world for classified U.S. government documents and top-secret information, modifying the program to turn it into an espionage tool, according to current and former U.S. officials familiar with the matter.

The software, made by the Moscow-based company Kaspersky Lab, routinely scans files of computers on which it is installed looking for viruses and other malicious software. But in an adjustment to its normal operations that the officials said could only have been made with the company's knowledge, the program searched for terms as broad as "top secret," which may be written on classified government documents, as well as the classified code names of U.S. government programs, these people said.

The Wall Street Journal reported last week that Russian hackers used Kaspersky's software

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President To Ease Health Insurance Rules

Directive is expected to expand the sale of less-expensive plans with fewer benefits

President Donald Trump is planning to sign an executive order Thursday to initiate the unwinding of the Affordable Care Act, paving the way for sweeping changes to health-insurance regulations by instructing agencies to allow the sale of less-comprehensive health plans to expand.

By Louise Radnofsky, Stephanie Armour and Anna Wilde Mathews

Mr. Trump, using his authority to accomplish some of what Republicans failed to achieve with their stalled congressional health-care overhaul, will direct federal agencies to take actions aimed at providing lower-cost options and fostering competition in the individual insurance markets, according to a Wall Street Journal interview with two senior White House officials. The specific steps included in the order will represent only the first moves in his White House's effort to strike parts of the law, the officials said.

By boosting alternative insurance arrangements that would be exempt from some key ACA rules, the change would provide more options for consumers. But health-insurance experts say it could raise costs for sicker people by drawing healthier, younger consumers to these alternative plans, which could be less expensive and offer fewer benefits.

The executive order—which Mr. Trump plans to unveil in a signing ceremony in the Roosevelt Room Thursday, surrounded by cabinet officials and

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INSIDE

BOY SCOUTS TO ALLOW GIRLS TO JOIN RANKS

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Bond Boom Spreads to Poorest Countries

BY CAROLYN CUI AND MANJU DALAL

Investors' thirst for income is enabling governments and companies in some of the world's poorest countries to sell debt at lower and lower interest rates.

And the global bond boom has even reached Tajikistan.

The central Asian country last month raised $500 million in its first-ever international bond sale, paying just 7.125% in annual interest on the debt after the U.S.-dollar offering drew a swarm of American and European buyers. Bankers had earlier offered the 10-year bonds from the former Soviet satellite with an 8% yield.

Greece, which was on the brink of default a few years ago, issued new bonds this past

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Stretching Is the Hot Workout And Some Say That's a Reach

* * *

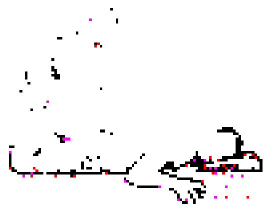
It's a way for the creaky to get limber but there's little agreement on the benefit

BY RACHEL BACHMAN

Every Friday, Mark Minichiello reclines on a padded table and raises a leg to have his hamstring pulled farther than it has ever gone.

Then, without breaking a sweat, he heads home.

"When I go to sleep at night, I feel like I went four rounds with Mike Tyson," says Mr. Minichiello, a 49-year-old investment adviser in Culver City, Calif. He runs marathons and coaches other runners. Still, he raves to friends about his sessions at StretchLab in Venice, Calif., where "flexologists" pull and push customers' limbs for $36 a half-hour.



A flexologist

Stretching used to be something people squeezed in before or after a workout. It is now a one-on-one treatment with specialized equipment and trained helpers. Stretching services and studios are popping up nationwide, pulling in hardcore exercisers like Mr. Minichiello, who says stretching sessions help him run faster and prevent injuries. The studios are also attracting creaky office workers wanting to unwind tight spots.

For decades, many athletes have accepted as dogma that they should stretch regularly. Yet experts don't agree on what stretching actually does—

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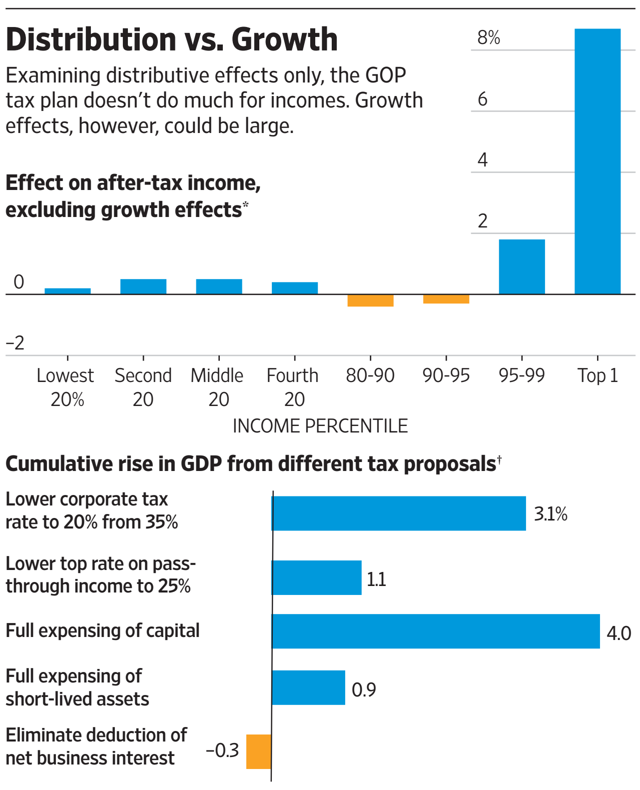
U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Spreading the Tax Cut Goods

Since rolling out their "unified framework" for a tax overhaul, the Trump administration and Republican congressional leaders have been trying to bat down accusations their plan is a boon to the wealthy. The rich "will not be gaining at all," President Donald Trump claimed before the plan was released. "Wealthy Americans are not getting a tax cut," Gary Cohn, Mr. Trump's top economic adviser, insisted.

There are two problems with their claims. The first is that they are wrong: As envisioned, the plan would deliver huge benefits to the wealthy. The second is that, according to how they view the economy, that shouldn't matter. Mr. Trump's goal is to stimulate economic growth. If the plan succeeded on that front, it should mean far more for the middle class than any reapportionment of taxes.



*Assumes, among other things, a top rate of 35% and tax bracket income limits as proposed by House Republicans' 2016 tax plan.
†These numbers can't be added to calculate combined effect because of offsets between different provisions.
Sources: Tax Policy Center (effects); Tax Foundation THE WALL STREET JOURNAL.

Some 40 years ago, the economist Arthur Okun argued that most economic problems come down to a tradeoff between equality and efficiency. For example, higher tax rates on the most productive workers and on companies narrow the gap between rich and poor but also discourage work and investment, in his view.

Democrats have traditionally prioritized equality over efficiency; Republicans, the opposite.

Mr. Trump sought to break that mold by promising a tax cut that he said would both spur growth and benefit the middle class more than the rich. A prominent think tank said he failed. The Tax Policy Center concluded that the top 1% of households would see after-tax incomes rise 8.7% in a decade while those of the middle 20% would see their incomes edge up just 0.5%.

There are several ways this critique of the GOP plan, which has yet to be finalized, is incomplete. For example, it assumed the top individual tax rate would drop to 35% from 39.6%, even though Mr. Trump and Republicans have said it may not. And it left for later any assessment of the impact on overall output.

Yet raising economic output is what the plan's architects say is foremost in their mind. Kevin Hassett, chairman of Mr. Trump's Council of Economic Advisers, said last week that even Greece's socialist government and former President Barack Obama accept that cutting corporate rates and eliminating corporate breaks—a centerpiece of the plan—ought to have some positive impact on the broader economy.

The benefit of tax-rate cuts is long debated, with critics asking why cuts haven't spurred growth booms in the U.S. or abroad. One reason is that the impact is transitory. Suppose a rate cut makes the economy 3% larger than it otherwise would be. Over a decade that would raise annual economic growth by 0.3 percentage point before reverting to its old growth rate.

Moreover, it can be impossible to disentangle tax changes from influences such as demographics, technology, the business cycle and monetary policy. The impact of fiscal stimulus is hard to detect for the same reason, yet economists believe it exists.

Analysts at the Tax Policy Center doubt this plan would generate much growth because it would lead to deficits that push up interest rates and soak up savings that would otherwise finance private investment. But this may be less true when the world is awash with savings and Treasury bonds yield just 2.3%.

The Tax Foundation, a think tank that favors lower rates, believes a 20% corporate rate would eventually lift gross domestic product by 3.1% and wages by 2.6%.

Also subject to debate is how much the middle class is helped by lower corporate taxes. The Tax Policy Center assumed 80% of the benefits go to owners of capital and just 20% to workers.

But some economists think that understates how high corporate taxes depress investment and productivity, the ultimate source of wage growth. In a 2007 paper, economists Mihir Desai and Fritz Foley of Harvard University and James Hines Jr. of the University of Michigan concluded 45% to 75% of the benefit of cuts in corporate tax rates go to workers.

The administration is likely overpromising by saying its tax cut would permanently lift growth to 3% from its recent 2% trend, given an aging workforce. Yet even a temporary boost translates to a higher standard of living for most households.

The final plan would no doubt shower benefits on the wealthy, by virtue of the fact they own the companies whose taxes are being cut. That may not bother workers if they benefit in the process—which would be a more plausible defense than the plan's advocates have mustered thus far.

Fed Remains on Track to Raise Rates

By David Harrison

Most Federal Reserve officials believed at their September meeting that they would likely raise short-term interest rates again this year, but some cautioned the decision would hinge on whether inflation picks up.

Minutes of the Sept. 19-20 meeting, released Wednesday, indicate that lingering questions over inflation were driving a split among officials. The key question was whether the recent soft patch was due to temporary factors or longer-lasting developments.

One group of officials at the meeting believed it was the former. Others worried it was the latter and indicated that could lead them to reconsider the Fed's projected path of rate increases.

Several officials said their decision on another rate move this year "would depend importantly on whether the economic data in coming months increased their confidence that inflation was moving up toward the committee's symmetric 2% objective," the minutes said.

Others, however, were worried that holding off on raising interest rates too long could lead to a surge in inflation that would be difficult to control. High asset prices added to their concern, the minutes said.

Under standard economic theory, the growing economy and the strong labor market should be fueling faster inflation.

Instead, annual inflation has flatlined at 1.4% for the past three months, according to the Fed's preferred measure, well shy of the target.

The picture has only become muddier since the meeting. The recent hurricanes contributed to a loss of 33,000 jobs in September yet the unemployment rate dipped to 4.2%. Fed officials estimate a 4.6% unemployment rate is consistent with a labor market firing on all cylinders, which means firms should be raising prices and wages more than they have been.

After holding interest rates near zero for seven years, the Fed has now raised them four times since late 2015, most recently in June, to a range of between 1% and 1.25%. In September, it left rates unchanged and penciled in one more quarter-percentage point rate rise in 2017 and three in 2018.

Fed Chairwoman Janet Yellen said in a speech Sept. 26 she expected another rate increase this year, but she was open to changing her mind.

As they have at other recent meetings, Fed officials in September offered competing explanations for the low inflation numbers.

Many cited "idiosyncratic or one-time factors" whose "effects were likely to fade over time," the minutes said. Another possibility suggested was that technological changes have changed how businesses set prices. It also could be that "common global factors" are holding down price pressures in the U.S. and other advanced economies.

Economists said the minutes showed Fed officials were struggling to come to terms with an economy that is not behaving as their models say it should.

Torsten Slok, of Deutsche Bank, called them "confusing and inconsistent."

"On the one hand they argue that the slowdown in inflation may be more permanent," he said. "On the other hand the minutes argue that more rates hikes are needed and coming."

Warsh Seen as Pick For Bank's Leader

Economists see former Fed governor Kevin Warsh as the most likely to be nominated by President Donald Trump to lead the Federal Reserve, according to a Wall Street Journal survey.

Fed Chairwoman Janet Yellen and Fed governor Jerome Powell ran not far behind as the second and third most likely picks to run the central bank after Ms. Yellen's current term ends in early February.

Business and academic economists surveyed saw a 28% probability that Mr. Trump would choose Mr. Warsh, a 22% probability of Ms. Yellen winning a second term and a 21% probability of Mr. Powell getting the nod.

Mr. Warsh, who served on the Fed's board of governors from 2006 to 2011, has expressed skepticism of the central bank's policy and communications, criticized its asset-purchase programs and accused officials of "trying to fine-tune the economy."

Mr. Powell, who joined the Fed's board of governors in 2012, has emerged as an ally of Ms. Yellen's on monetary policy, while also calling for easing some of the bank rules put in place after the financial crisis. This puts him largely in sync with Mr. Trump's positions favoring low interest rates and financial deregulation.

The Journal surveyed 59 economists Oct. 6-10, although not every economist answered every question.

—Harriet Torry

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CORRECTIONS & AMPLIFICATIONS

Individual food-stamp recipients receive an average of $125 a month from the benefit. A Business News article Wednesday about Agriculture Secretary Sonny Perdue's comments about the Supplemental Nutrition Assistance Program didn't specify the amount was monthly.

Duduzane Zuma was incorrectly identified as Duduzane Gupta in a photo caption with a Page One article Wednesday about a political scandal in South Africa.

Six Nobel laureates were affiliated with Harvard University and three with Stanford University when they were awarded the prize in economics. A chart with a U.S. News article Tuesday about Richard Thaler's Nobel Prize incorrectly said seven for Harvard and two for Stanford.

Oregon State University of Corvallis, Ore., has been added to the Wall Street Journal/Times Higher Education College Rankings at 306, in a tie with four other schools at that rank. The school wasn't included in the ranking table when it was published Sept. 27 because data required for its inclusion weren't available because of a data-processing error.

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com** or by calling 888-410-2667.

Boy Scouts Will Allow Girls to Join Ranks

By Shayndi Raice

The Boy Scouts of America said that it would welcome girls into its ranks, a move that could help the organization boost its numbers in the face of dwindling memberships.

The organization said on Wednesday that it made the decision after years of requests from girls and their families to join the Boy Scouts. It said it determined that busy families want just one organization for both boys and girls.

The organization, which was created in 1910, also acknowledged that opening its doors to girls would help expand its membership.

"We strive to bring what our organization does best—developing character and leadership for young people—to as many families and youth as possible as we help shape the next generation of leaders," said Michael Surbaugh, chief executive of the Boy Scouts.

The group says it has 2.3 million youth members today, down more than 11% from 2.6 in 2012.

The decision pits the Boy Scouts in direct competition with Girl Scouts of the USA, which offers similar programming. The girls' organization, which has 1.8 million youth members, didn't respond to a request to comment.

The unanimous decision by the board of the Boy Scouts of America will allow girls to attain the highest level rank of Eagle Scout. Cub Scout dens will be separated by gender but use the same curriculum. Groups of dens, or packs, can choose to be either single gender or mixed.

Girls can sign up for Cub Scouts—which is for children ages 6 to 10—in 2018. A program for older girls will be announced next year, with sign up expected to be available in 2019.

"I've seen nothing that develops leadership skills and discipline like this organization," said Randall Stephenson, AT&T Inc. CEO and the Boys Scouts national board chairman. "It is time to make these outstanding leadership development programs available to girls."

Girls have already been part of some Boy Scouts programs since 1971, such as its exploring and venturing program and a science, technology, engineering and mathematics scout pilot program. The Girl Scouts was founded in 1912 by Juliette Gordon Low, who was inspired by the Boy Scouts, according to the girls' group.

Fires Keep California Under Siege

Death toll mounts and hundreds are missing as tens of thousands flee unrelenting blazes

By Alejandro Lazo, Erin Ailworth and Ian Lovett

NAPA, Calif.—Three days after powerful winds spread more than a dozen wildfires across Northern California, firefighters were still struggling to contain the fast-moving blazes. By Wednesday afternoon, state officials said, they had made little progress, and many of the fires were growing and out of control.

So far, the fires have killed at least 23 people—including an elderly couple married for 75 years and a 27-year-old woman who used a wheelchair.

Hundreds more were reported missing. Roughly 170,000 acres had been burned, and more than 3,500 homes and commercial structures destroyed. Thousands more people were forced to evacuate early Wednesday, bringing the statewide total to more than 60,000 evacuees.

"We've had big fires in the past, this is one of the biggest, the most serious. It's not over," California Gov. Jerry Brown said on Wednesday.

Already, the 22 fires ignited since Sunday, taken together, would amount to the second-deadliest fire in California since at least 1923, according to state records. State officials said they expected the death toll would continue to rise, once crews were able to start searching buildings that had burned.

Firefighters spent the night plucking trapped people off of burning hillsides and knocking on doors to tell residents to evacuate. Containment on most of the fires was "very low," said Ken Pimlott, chief of CAL-FIRE, the state's firefighting agency.

"The fires are just literally burning faster than firefighters can run in some cases," Mr. Pimlott said.

Gov. Brown said the cost of the fire will be "tens of billions" of dollars and that California must be prepared for other destructive fires in the future. "That's the way it is with a warming climate and dry weather and reducing moisture," he said.

The worst of the damage was concentrated around California's premier wine country, in Sonoma and Napa counties.

The winds were pushing embers as much as a mile beyond the burn area, Mr. Pimlott said, and into developed urban areas that have been safe from wildfires in decades past.

Thousands of firefighters from across California—and the country—are pouring into the area, hoping to slow the spread of the fires. Mr. Pimlott said all the available air support in the country was in California.

A ring of fire burned around Napa Valley on all sides Wednesday, with firefighters trying to defend population centers as the flames moved closer to cities. Officials said they were concerned that some of the fires could combine to form one even larger fire.

Shifting winds and unreliable cellphone service complicated escape. The fires had initially damaged more than 70 cellular towers. By Wednesday, cell service and electricity had also been restored in much of wine country.

Many fled to one area, only to find themselves having to escape again as flames approached. Shortly after midnight Sunday, Matt Moye and his family smelled smoke from inside their Napa home. Outside, sheriff's deputies were blocking off roads, yelling at him to leave immediately.

The Moyes left with nothing but their pajamas, and headed to their family business, the Vincent Arroyo Winery in Calistoga, on the northern end of the Napa Valley. But by early Wednesday morning, evacuations were also ordered for much of Calistoga, and the Moye family was on the move again as the Tubbs Fire approached. That fire had burned 28,000 acres and was at 0% containment.

"With the winds changing, who knows—the hard thing about this fire is it just doesn't wipe out a whole neighborhood, it will be pickier," Mr. Moye said.

Diane Dillon, a Napa County supervisor, said officials went door to door in Calistoga between 3 a.m. and 6 a.m. Wednesday and evacuated about 2,000 of the 5,000 residents there. By Wednesday afternoon, evacuation orders were issued for the entire city.

"We are anxiously awaiting what the winds will do." Ms. Dillon said.

JEFF CHIU/ASSOCIATED PRESS

Phil Rush on Wednesday at the site of his Santa Rosa home, one of many in California's Sonoma County demolished by fires this week

MARIO TAMA/GETTY IMAGES

Yanira Rios collects spring water in Puerto Rico. Weeks after the hurricane, her home still has no power.

Disaster-Aid Bill Tops $36 Billion

House Republicans released a bill late Tuesday night that would provide $36.5 billion in emergency funding for hurricane and wildfire relief, and extend credit to Puerto Rico to help the storm-ravaged island keep its government operating.

The aid is more than the $29 billion requested last week by the Trump administration, but less than the total sought by lawmakers in states hit by hurricanes in August and September.

"We certainly know that Texans and Floridians and residents of Puerto Rico have been suffering mightily and we want to get as much money out the door as possible to help them, because I think they are in desperate need," House Appropriations Committee Chairman Rodney Frelinghuysen, (R., N.J.) said in an interview.

The House measure includes $18.7 billion for the Federal Emergency Management Agency's disaster relief fund, $16 billion to replenish the nation's flood insurance program, and $576.5 million for wildfire efforts.

The House is expected to vote on the measure on Thursday, and the Senate could take it up early next week.

The bill has strong support from Texas and Florida Republican lawmakers, and House Minority Leader Nancy Pelosi (D., Calif.) signaled Wednesday that her caucus would support it.

—*Natalie Andrews*

Trump Picks a Homeland Security Chief

BY LAURA MECKLER

WASHINGTON—President Donald Trump picked cybersecurity expert Kirstjen Nielsen to be the next Homeland Security secretary, putting a low-profile figure into a critical job after former Secretary John Kelly was named White House chief of staff.

Ms. Nielsen, 45 years old, was Mr. Kelly's chief of staff at the Department of Homeland Security. She followed him to the White House, where she serves as Mr. Kelly's top aide. Her close relationship with Mr. Kelly was critical in the decision to name her to the post, people familiar with the selection said Wednesday.


ANDREW HARNIK/ASSOCIATED PRESS
Kirstjen Nielsen, left, is the top aide to White House chief of staff John Kelly, right, the former Homeland Security secretary.

Secretaries of homeland security have traditionally been high-profile figures, including former governors and, with Mr. Kelly, a retired Marine Corps general. That isn't the case with Ms. Nielsen. But administration officials point to her wealth of experience in many issues the agency handles and note that she would be the first secretary to have worked at the agency before.

One downside, though, is she lacks the sort of experience communicating with the public that elected officials have, and that can be important in an emergency or in the case of a terror attack. Acting Secretary Elaine Duke, another nonpolitical homeland expert, ran into trouble for indelicate comments in response to a question about one of the recent hurricanes, for instance.

But Ms. Nielsen is well steeped in the issues that the agency deals with on a daily basis, from her service during the Trump and George W. Bush administrations.

She worked at the Transportation Security Administration and for the White House Homeland Security Council during the Bush years. She then worked in the private sector—at positions including the Center for Cyber and Homeland Security at George Washington University and the National Cybersecurity Center—before being brought into the Trump transition to help guide Mr. Kelly through his Senate confirmation.

If confirmed by the Senate, she would succeed Ms. Duke, who was deputy secretary under Mr. Kelly and has been acting secretary since July.

DHS, created in the aftermath of the 2001 terrorist attacks, is a sprawling operation with responsibilities including immigration enforcement, disaster response, the Secret Service and U.S. border and airport security.

As such, Ms. Nielsen would be thrust to the forefront of some of the administration's most controversial initiatives. Those include Mr. Trump's effort to build a wall on the southwest border with Mexico, increase deportations of undocumented immigrants, enforce travel restrictions on people from targeted countries, and increase vetting of travelers to the U.S. She would also take over the Federal Emergency Management Agency at a time of intense recovery efforts following hurricanes.

Senate confirmation hearings for Ms. Nielsen are likely to serve as a forum for debate over Mr. Trump's immigration agenda. But Ms. Nielsen doesn't arrive with a long history of controversial statements about hot-button issues, which may smooth her path.

Kirstjen Nielsen, DHS Nominee

Age: 45

Current position: The White House principal deputy chief of staff

Government experience: DHS chief of staff under President Donald Trump; senior legislative policy director for the Transportation Security Administration and member of the White House Homeland Security Council under President George W. Bush

Private-sector experience: President, Sunesis Consulting, LLC (2012-17), chair of Global Agenda Council on Risk and Resilience, World Economic Forum (2014-16)

Education: University of Virginia School of Law; Georgetown University

Of note: Would be the sixth DHS secretary and second woman in the job, not counting acting secretaries

WASHINGTON WIRE

SUPREME COURT

Companies Pursue Ruling on Gay Rights

Dozens of businesses asked the Supreme Court to find that federal law bars discrimination based on sexual orientation, putting companies including Apple Inc., Cigna Corp., Morgan Stanley and Viacom Inc. at odds with President Donald Trump's administration.

The businesses on Wednesday asked the court to hear the appeal of a lesbian who alleges discrimination at a Savannah, Ga., hospital where she worked as a security officer. The 11th U.S. Circuit Court of Appeals in Atlanta dismissed her claim in March after holding that sex discrimination, which the Civil Rights Act of 1964 prohibits under Title VII, doesn't encompass discrimination based on sexual orientation.

The ruling "has wide-ranging, negative consequences for businesses, their employees and the U.S. economy," the companies told the Supreme Court in a friend of the court brief. "Businesses' first-hand experiences—supported by extensive social-science research—confirm the significant costs for employers and employees when sexual orientation discrimination is not forbidden by a uniform law, even where other policies exist against such discrimination."

Other major companies signing the brief include Airbnb Inc., Alphabet Inc.'s Google unit, American Airlines Group Inc., BASF Corp., Deutsche Bank AG, Facebook Inc., Levi Strauss & Co., Microsoft Corp., MasterCard International Inc., salesforce.com inc. and Uber Technologies Inc.

—Jess Bravin

CONGRESS

Ryan Favors Rule Fix On Bump Stocks

House Speaker Paul Ryan said the nation's chief firearm regulator should reconsider its earlier decisions allowing the sale of bump stocks, a device used in last week's mass shooting in Las Vegas, saying a regulatory fix would be preferable to new legislation.

Lawmakers from both parties have backed legislation that would ban bump stocks, a device that can enable a semiautomatic rifle to mimic a fully automatic weapon, but Mr. Ryan (R., Wis.) said Wednesday that the better route would be for the Bureau of Alcohol, Tobacco, Firearms and Explosives to re-evaluate its interpretation of federal regulations around their use.

"The regulatory fix is the smartest, quickest fix," Mr. Ryan said. The ATF's earlier ruling on the issue, allowing bump stocks to be sold, "probably shouldn't have happened in the first place and we want to understand why is it that they let this go through."

The agency has defended its past decisions on the devices, which have determined bump stocks can be sold to civilians because, when attached to semiautomatic rifles, the resulting weapon doesn't meet the legal definition of a machine gun. Semiautomatic firearms shoot one bullet for each trigger pull, while automatic weapons fire bullets continuously with one pull of the trigger. Federal law bars civilians from owning an automatic weapon made after 1986.

—Kristina Peterson and Aruna Viswanatha

Navy Secretary Sees Cultural Shift

BY JULIAN E. BARNES AND ROBERT WALL

The secretary of the U.S. Navy plans to unveil potentially far-reaching changes in the wake of a deadly collision at sea that led to the dismissal of two top commanders.

Navy Secretary Richard V. Spencer said the "stress and strain" on Navy crews in the Pacific from the high pace of operations clearly played a role in the accidents in Asia.

Two high-profile ship collisions this year claimed the lives of 17 sailors, prompting the Navy to review how it operates.

The Navy this week dismissed the commanding officer and executive officer of the USS John S. McCain after the ship collided with a civilian tanker Aug. 21. The collision tore a hole in the destroyer and killed 10 service members.

Seven sailors died in June in a similar accident involving the USS Fitzgerald off the coast of Japan.

Mr. Spencer said in an interview that he will issue recommendations about cultural changes in his review of what happened. That review comes on top of one ordered by Chief of Naval Operations Adm. John Richardson, which is expected to be completed in the next few weeks. Mr. Spencer's review will follow 30 days later.


WONG MAYE-E/ASSOCIATED PRESS
Damage to the USS John S. McCain could be seen while the ship was docked in Singapore in August.

Sen. John McCain (R., Ariz.), the chairman of the Senate Armed Services Committee, has said the accidents are part of a larger trend of military units being asked to do too much with too little. Mr. McCain has said the military must make better assessments of what they need.

Mr. Spencer said the review by Adm. Phil Davidson, head of Fleet Forces Command, will get into the "nuts and bolts" of what happened with the two collisions and what needs to be changed.

Mr. Spencer said the review his office is leading will take a broader view of the culture of safety.

Mr. Spencer, who oversees the Navy and Marine Corps, said officers need to be able to tell superiors, for example, that they need more time before they deploy a ship to make sure the proper training and preparations are in order.

The command environment, Mr. Spencer said, must be able to receive such warnings and not hold it against more junior officers.

But Mr. Spencer also defended the accountability culture of the Navy, which led to the ouster of the commanders of the McCain and Fitzgerald as well as other senior admirals.

"It delivers the message," he said. "At the end of the day...accountability will be upheld."

The accidents haven't been confined to the Navy. In July, a Marine Corps KC-130T aircraft crashed in western Mississippi, killing all 16 troops on board.

HEALTH

Continued from Page One

employer representatives—will aim to expand access to plans that let small businesses and possibly individuals band together to buy insurance. It will also lift limits on the sale of short-term insurance, which provides limited coverage and often appeals to healthier people. And it will seek to expand the ways in which workers use employer-funded accounts to buy their own policies.

It will be months, rather than weeks, for even the most simple changes in the executive order to take effect, and the order leaves key details to the Labor Department, in particular, to determine after a formal rule-making process, including the solicitation of public comment.

But taken together, the instructions will amount to a reversal of the broad ACA approach, which seeks to guarantee that insurance policies offer a minimum level of benefits to all consumers regardless of their health history. Mr. Trump and other Republicans argue that such rules must be relaxed to bring down premiums, especially for healthier people who have seen costs rise under the ACA.

The order also will set the stage for potential future action, as Mr. Trump weighs whether to stop enforcing the ACA requirement that most Americans obtain insurance, for example, and whether to keep making payments that let insurers subsidize lower-income consumers.

And in a surprising move, the White House officials also said Wednesday night that the order would direct agencies to study and issue a report on federal and state policies that could contribute to rising health costs—including, potentially, the impact of health-care provider consolidation.


DANIEL ACKER/BLOOMBERG NEWS
The president's executive order is expected to allow the sale of less-comprehensive health plans that are banned under current law.

Health analysts predicted that Thursday's order could tempt critics to pursue legal challenges, opening a new front in the health-care battle. But the order is likely to leave much of the implementation details to agencies, senior White House officials said Wednesday, and they said they didn't believe the order could be litigated.

The action marks the biggest change to health care since the November election. The ACA, also called Obamacare, made sweeping changes to health insurance pricing that made insurance newly accessible for lower-income and sicker Americans, but also resulted in market turbulence and higher premiums for healthier and middle-income people, in particular.

Republicans' effort to repeal the ACA collapsed in Congress last month, and Mr. Trump hasn't hidden his displeasure at GOP leaders for that failure or his desire to step into the gap. The White House officials said Wednesday night the order was crafted in the context of the failure of the repeal bid.

"Since Congress can't get its act together on HealthCare, I will be using the power of the pen to give great HealthCare to many people–FAST," Mr. Trump tweeted this week in signaling his intent to issue the order.

Democrats, however, warned the order could cause turbulence in the insurance market and overlooks the complexity of the health-care system. "It has the potential to be very disruptive," said Rep. John Yarmuth of Kentucky, the top Democrat on the House Budget Committee. "I don't think the insurance companies are prepared to actually deal with that."

The order will direct the Labor Department to take steps to speed the way for small businesses, and possibly individuals, to band together in arrangements called association health plans. These plans would be exempt from some regulations, such as the requirement that they offer a specific set of benefits and they would likely attract those with limited health needs.

The final decision about how far to expand the definition of an association and its members will be left to the agency, after a period of public comment, the two White House officials said. The officials said they supported a more expansive view of who might be considered to be eligible to sign up, but weren't prescribing a specific legal definition—a significant factor in determining the impact of the change on insurance markets.

Supporters say such health plans can costs less, since they wouldn't be subject to as many regulations. But critics say that leaves consumers at risk if they wind up with expensive health conditions that aren't covered.

Currently, these self-insured health plans are typically led by trade groups that are subject to state regulation, but agency moves following the Trump order would free them from many of those rules.

In another move, the executive order will call for expanded access to short-term health plans whose availability was curtailed by the Obama administration. These plans have more flexibility than others allowed under the ACA, such as an ability to refuse coverage to people with pre-existing conditions.

Finally, the order will direct agencies to rescind an Obama-era guidance on employer-funded accounts that workers use for medical costs. Employees who have these accounts, called health reimbursement arrangements, will likely be allowed to use them to buy their own insurance plans, something that is now forbidden.

—Kristina Peterson contributed to this article.

Beyond the Glitz, City Tries to Heal

By Jim Carlton

ROBYN BECK/AGENCE FRANCE-PRESSE/GETTY IMAGES

Miriam Guitierrez, left, and Megan Feichter worked on a community 'healing garden' in Las Vegas last week to honor the victims.

LAS VEGAS—A firefighter who rushed to help victims while his daughter was at the ill-fated concert. The city lawyer whose colleague was there. The doctor treating patients at a nearby hospital whose friends were there.

Their worries for family and friends who were watching country singer Jason Aldean perform in Las Vegas when the gun massacre erupted last week reflect a surprising small-town vibe for a global tourist destination that welcomes 40 million annual visitors to its neon-lit Strip.

"I had this fear that I was going to see one of their faces," said Dr. Stephanie Davidson, an anesthesiologist at Sunrise Hospital & Medical Center. In the end, she didn't.

The Oct. 1 shooting that killed 58 and injured about 500 more has put the close-knit community of families, schools and churches on rare display. Within days, the community designed and built a "healing garden" on a half-acre plot of land donated by the city to honor the victims. At least eight of them lived or worked in Nevada.

"There are two Las Vegases: the one that we advertise, and the one that we really are," said Las Vegas City Attorney Brad Jerbic, who lost friend and colleague Cameron Robinson in the shooting.

Ermelinda Manos, a 31-year-old fashion designer, canceled plans to go to the concert with a friend for reasons she still can't explain. Her friend narrowly escaped, but a woman next to her was fatally shot in the head. Michelle Stevenson, 45, a corporate compliance officer, knew a couple that survived. "Everyone knows someone here with six or seven degrees of separation," Ms. Stevenson said.

First responders agonized that they may encounter victims they might know. Larry Haydu, assistant fire chief with the Clark County Fire Department, said waiting to hear from his daughter, a 21-year-old bartender, was the "longest 15 minutes of my life."

As he rushed to the scene, he finally got a call from an out-of-state number, but all he could hear was screaming and then the line went dead. Later, she called back from the same borrowed cellphone, and left a frantic message, saying to call her. When they spoke, she said she was OK and helping other victims.

Embracing the Twitter hashtag "VegasStrong," Vegas residents have rallied to help in the worst mass shooting in modern U.S. history.

Lines for blood donations the day after the shooting stretched for hours. So much food and water was donated to police and the American Red Cross that Clark County Sheriff Joe Lombardo advised donations be sent to other places.

Within an hour, the first volunteers began showing up at Catholic Charities, and within four days a trailer there was filled with 24,000 pounds of supplies to give victims, their families and the many other people who have flooded into Las Vegas to help, said Leslie Carmine, spokeswoman for the charity.

Bill Martinez, 58, who works as a local insurance adjuster, has been working eight hours a day at Catholic Charities for a week, unloading trucks and sorting donated food supplies. "When stuff like this happens, you have to be part of this community," said Mr. Martinez. "It's a small town mentality, and that's where I came from."

One of the more ambitious projects, the healing garden, was partly conceived by Mr. Jerbic a day after the shooting. The city attorney had arrived in the office that day hoping to find his colleague and friend Mr. Robison there too. He soon received a call with the tragic news that the 28-year-old was killed.

"I thought, 'oh no, oh no,'" he said.

—Zusha Elinson and Alejandro Lazo contributed to this article.

U.S. WATCH

ECONOMY

Many Workers Stay Put Amid Openings

The rate at which workers quit their jobs—seen by many economists as a sign of confidence in the labor market—fell slightly to a seasonally adjusted 2.1% in August from 2.2% in July, according to the Labor Department's Job Openings and Labor Turnover Survey, known as Jolts, released Wednesday.

The quits rate, or the share of employed people who voluntarily leave their jobs in a month, has held nearly steady for two years after slowly climbing after the recession ended in mid-2009. The sideways move in the quits rate comes at a time when the unemployment rate has fallen to a 16-year low and the number of available jobs has touched the highest level on records back to 2000.

The quits rate is trending at levels recorded before the recession began, but below 2001 rates.

—Eric Morath

DAKOTA ACCESS PIPELINE

Ruling Doesn't Halt Pipeline Operation

A federal judge ruled on Wednesday that the Dakota Access oil pipeline can continue operating while a study is completed to assess its environmental impact on an American Indian tribe.

U.S. District Judge James Boasberg's decision will come as a blow to the Standing Rock Sioux, who have argued that an oil spill from the pipeline under Lake Oahe—from which the tribe draws its water—could have a detrimental effect on the tribal community.

Judge Boasberg found that it is likely the Army Corps of Engineers will be able to justify previous decisions made while permitting the pipeline.

The $3.8 billion pipeline built by Texas-based Energy Transfer Partners has been operating since June 1, moving oil from North Dakota through South Dakota and Iowa to a distribution point in Illinois.

Energy industry officials applauded Judge Boasberg's ruling, with North Dakota Petroleum Council President Ron Ness calling the pipeline "a critical part of American energy infrastructure." The Justice Department declined comment on behalf of the Corps.

—Associated Press

NASA

Asteroid to Test Warning Network

NASA is using an asteroid's flyby to test Earth's warning network for incoming space rocks. The small asteroid was on track to pass within 27,200 miles of Antarctica early on Thursday.

Observatories world-wide—part of the International Asteroid Warning Network—have been zooming in on the asteroid called 2012 TC4 for weeks to test communication and coordination.

Until now, researchers relied on "tabletop" tests, simulations with no actual asteroids involved. The exercise will continue for another week, as observatories keep tracking the asteroid as it departs Earth's neighborhood.

—Associated Press

SPY

Continued from Page One

ware in 2015 to target a contractor working for the National Security Agency, who had removed classified materials from his workplace and put them on his home computer, which was running the program.

The hackers stole highly classified information on how the NSA conducts espionage and protects against incursions by other countries, said people familiar with the matter. An NSA spokesman didn't comment on the breach.

But the use of the Kaspersky program to spy on the U.S. is broader and more pervasive than the operation against that one individual, whose name hasn't been publicly released, these people said.

Kaspersky Lab, founded by an engineer trained at a KGB technical school, has long said that it doesn't assist the Russian government with spying on other countries. But many U.S. officials now think the evidence the U.S. has collected shows the company is a witting partner, said people familiar with the matter.

"There is no way, based on what the software was doing, that Kaspersky couldn't have known about this," said a former U.S. official with knowledge of information gleaned in 2015 about how the software was used to search for U.S. secrets. He said the nature of the software is such that it would have had to be programmed to look for specific keywords, and Kaspersky's employees likely would have known that was happening, this former official said.

SERGEI SAVOSTYANOV/TASS/ZUMA PRESS

Kaspersky Lab says it doesn't have knowledge of its antivirus software being used for spying.

The company said in a statement Wednesday that "Kaspersky Lab was not involved in and does not possess any knowledge of the situation in question, and the company reiterates its willingness to work alongside U.S. authorities to address any concerns they may have about its products as well as its systems."

Representatives of the Russian government didn't respond to requests for comment. In a statement last week in response to the earlier Journal story, a Kremlin spokesman didn't address whether the Russian government stole NSA materials using Kaspersky software.

A spokesman for the NSA declined to comment, as did a White House spokesman.

It remains unclear exactly how many other government computers or employees may have been targeted using the Kaspersky product or whether secret government material was stolen, said the people familiar with the matter.

After discovering the 2015 breach, U.S. officials began gathering other evidence that Kaspersky was being used to identify classified information and assist in its theft, said the people familiar with the matter.

For many months, U.S. intelligence agencies studied the software and even set up controlled experiments to see if they could trigger Kaspersky's software into believing it had found classified materials on a computer being monitored by U.S. spies, these people said. Those experiments persuaded officials that Kaspersky was being used to detect classified information.

The government of Israel first alerted the U.S. that Kaspersky software was being used to find U.S. intelligence information, after Israel's own computer spies penetrated the networks of Kaspersky Lab beginning in 2014, the current and former officials said.

Once inside, the Israelis discovered how the software was being used and how Russia had obtained classified information from the NSA, these people said.

Israel's spying on Kaspersky, which U.S. officials said provided crucial evidence that Kaspersky Lab was working with the Russian government, and the use of Kaspersky to scan for classified keywords was reported Tuesday by the New York Times. Israeli officials didn't respond to requests for comment.

After the Israelis passed along what they knew to the U.S., officials at the NSA began an investigation that led to the contractor who had installed Kaspersky software on his personal computer at home. People familiar with that investigation said he appeared to have no ill intent, but knew that removing the classified material from the NSA's headquarters campus at Fort Meade, Md., was a violation of agency rules and possibly a crime.

Last month, the Department of Homeland Security took the extraordinary step of banning all federal government agencies and departments from using Kaspersky goods and services. That action was a direct result of U.S. efforts to build a case against Kaspersky, said former officials involved in the work.

Until that decision was made, Kaspersky software was authorized for use in 22 government agencies, U.S. officials have said.

BODY

Continued from Page One

or whether it does much of anything.

"There's a big misconception that runners need to do a lot of stretching," says Steve Magness, who coaches the University of Houston cross-country team. He also has coached Olympic runners and written books on sports science. "The higher up the food chain you go, generally the less and less you get people who spend a lot of time doing that."

The number of stretching studios and fitness-center classes with "stretch" in the name has doubled in the past two years, according to Mindbody Inc., a San Luis Obispo, Calif., company that manages online booking and payments for about 60,000 exercise and wellness businesses.

Barry's Bootcamp, the popular boutique-fitness chain, plans to launch stretch-centered classes soon in Venice, Calif., Chicago and Toronto. Massage Envy, with nearly 1,200 locations, recently added stretching to its menu of services.

Stretch Zone, a chain of 39 locations nationwide, is joining with LA Fitness, which has about 700 gyms, to create Stretch by LAF. The service is set to launch soon at Southern California gym locations and will expand to others, according to a help-wanted ad.

Jorden Gold, the founder and chief stretching officer of Stretch Zone, says its market includes hard-core athletes of all ages but focuses on older clients who want to cross their legs comfortably while reading a newspaper.

"No one thinks about the deconditioned, nonathlete baby boomer," Mr. Gold says.

Stretching studio chains each boast of their own proprietary stretching methods. The Stretch Zone Method promises to make movement easier by "re-educating the associated nerve-muscle reflex." Lymbr, of Norwalk, Conn., says its "Active Isolated Stretching" technique "avoids muscle fatigue and enhances oxygen resupply and waste product elimination."

MARK MINICHIELLO

Investment adviser Mark Minichiello has weekly stretching sessions at StretchLab in Venice, Calif.

StretchLab co-founder Tim Trost says its employees have worked as personal trainers, massage therapists, or yoga or Pilates instructors. They're also trained in the company's stretching technique, described as "proprioceptive neuromuscular facilitation stretching"—or "push and release."

Mr. Trost was working as a personal trainer a few years ago when one of his clients had a eureka moment.

"Before each workout, I would stretch him," recalls Mr. Trost about the client, Saul Janson. "He was like, 'Listen, by far, this was the best part of the workout. We should have a place where we just stretch people.' "

Mr. Janson wound up launching StretchLab with Mr. Trost. The company now has three Los Angeles-area locations and plans to begin franchising next year. The window of its Venice, Calif., store declares: "Run faster, stand straighter, move better."

That slogan is a bit of a stretch, says David Behm. The professor at the School of Human Kinetics and Recreation at Memorial University of Newfoundland in Canada has analyzed more than 100 studies of stretching.

He agrees that stretching might help sedentary people improve posture and balance by easing tendon and muscle tightness in the hips and lower back.

But there is no proof that static stretching, or holding the muscle and tendon in a lengthened position for 15 to 60 seconds, makes people run faster, Prof. Behm says. In fact, prolonged stretching before exercise actually can hurt performance in sprinters and other high-level athletes.

"Unless you want to be a gymnast or figure skater, where you want to bring your foot up to your head, there is no need to do more than 60 seconds per muscle group," he says.

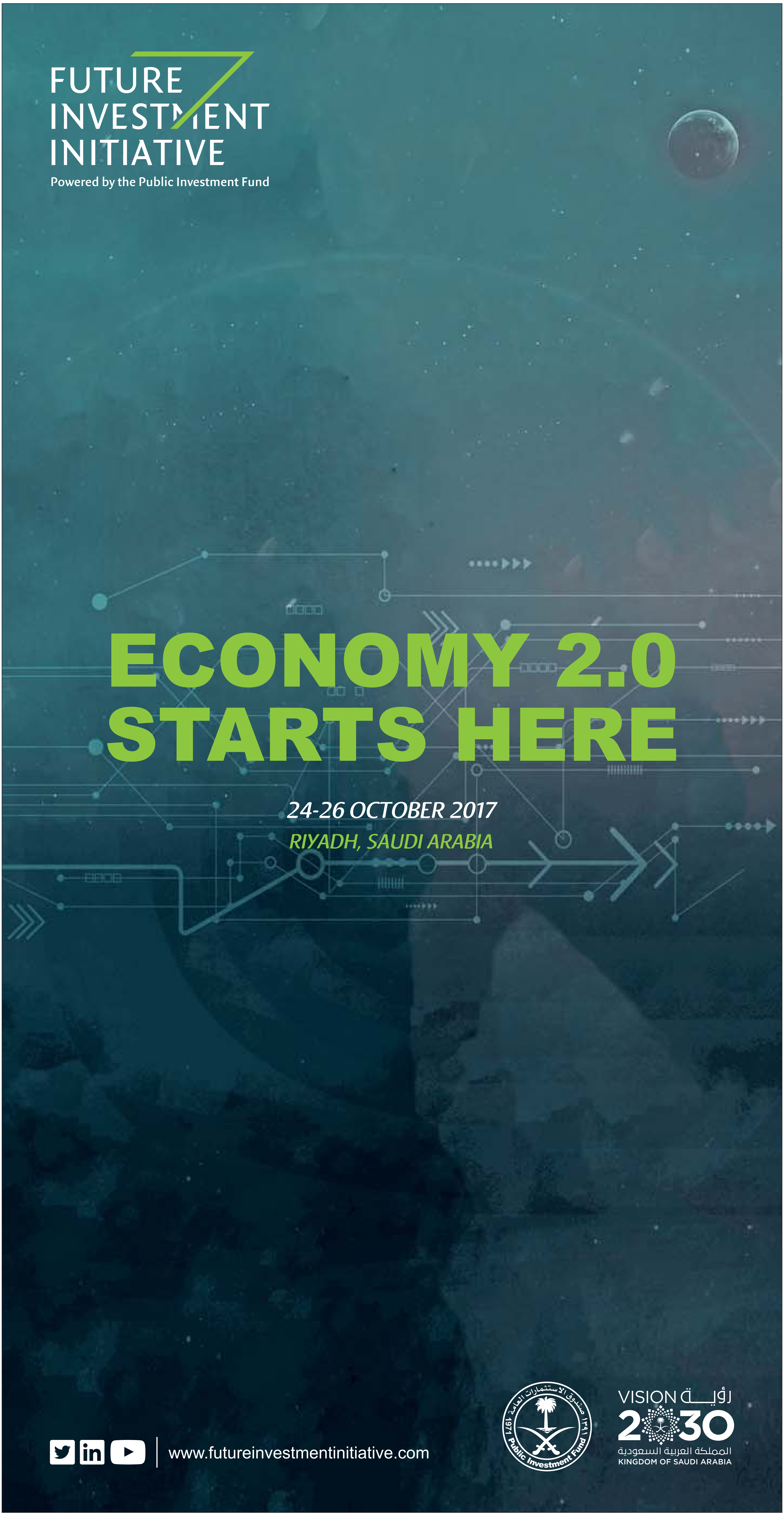
StretchLab's Mr. Trost says stretching has benefits that are hard to measure. "It also has that placebo effect, too, where your mind says, 'Wow, that felt great.' "

Paul Ingraham, a former massage therapist in Vancouver, British Columbia, is intrigued by research suggesting that stretching could help prevent muscle strains. But he is otherwise unmoved by stretching's supposed powers.

For years, he has been adding to what is now a roughly 50-page takedown of stretching on PainScience, a research-analysis website he runs.

The response has included "a great deal of hate mail," he says. Some people insist he just isn't stretching correctly.

"Obviously, scratching feels good, and yet nobody attributes health benefits to scratching," Mr. Ingraham says. "As far as we can tell, there is not much substantive difference."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Russia-Tied Ads Set for Release

BY NATALIE ANDREWS AND CHRISTOPHER S. STEWART

WASHINGTON—House lawmakers leading an investigation into Russian interference in the 2016 presidential race plan to release **Facebook** Inc. ads bought by Russian groups, they said Wednesday.

"My personal advice is that we'll do it as quick as we can," said Rep. Mike Conaway, the Texas Republican leading the investigation on the House Intelligence Committee.

Rep. Adam Schiff of California, the top Democrat on the committee, said: "We've asked for Facebook's help to scrub any personal, identifiable information" from the ads. "After we do that, we'll release them publicly."

Messrs. Conaway and Schiff met with Facebook Chief Operating Officer Sheryl Sandberg on Wednesday.

Late Wednesday Ms. Sandberg posted on her Facebook page about the meeting, saying she discussed the ads Facebook provided to Congress and that Facebook executives "reiterated that Congress is best placed to decide if and when the ads should be made available to the American people" and is committed to doing so in a "way that protects peoples' privacy.

Facebook executives plan to meet with members of the Congressional Black Caucus on Thursday to discuss how Russians were allowed to publish ads pertaining to the Black


J. SCOTT APPLEWHITE/ASSOCIATED PRESS

House intelligence panel members, Rep. Adam Schiff (D., Calif.), center, and Rep. Mike Conaway (R., Texas), right, on Wednesday.

Lives Matter movement.

Lawmakers who have seen the Facebook ads describe them as intended to "sow chaos." A page called "Blacktivist" appeared to be aligned with the Black Lives Matter movement, according to a person familiar with the Facebook pages. Another ad, labeled "Secured Borders," railed against illegal immigration.

Under fire for its response to Russian activity on its site before the presidential vote, last week Facebook presented congressional investigators with data on 3,000 ads bought by Russian actors before and after the presidential election.

U.S. intelligence officials have concluded that a campaign authorized by the highest levels of the Russian government hacked into state election-board systems and the email networks of political organizations to damage the candidacy of Democratic presidential nominee Hillary Clinton.

Russia has denied interfering in the election.

The Senate Intelligence Committee is scheduled to hear from representatives of Facebook, **Alphabet** Inc.'s Google and **Twitter** Inc. on Nov. 1 in a public session that will look at how Russian groups used the platforms during the election. The House panel is planning a similar hearing the same day, and Mr. Conaway said the ads probably wouldn't be released before then.

The move to publicly release the Facebook ads is a shift from earlier efforts by lawmakers to placate social-media companies' desire to keep the matter private.

Earlier this year, the office of Sen. Lindsey Graham (R., S.C.) invited Google, Twitter and Facebook, along with terrorism analyst Michael S. Smith II, to attend a July congressional hearing, organized by the Senate Judiciary Committee's subcommittee on crime and terrorism.

The companies balked, Mr. Smith said in an interview, fearing the optics of an open session.

Under pressure from the companies, lawmakers twice scaled back the session—first to a closed hearing and finally to a closed informal briefing, which was held in September, Mr. Smith said.

The Senate Judiciary Committee staff didn't immediately respond to a request for comment.

While the briefing formally focused on terror recruitment online, it also touched on Russian influence in social media, according to Mr. Smith. Generally, he said, the companies acknowledged the problem and said they were concerned. Mr. Smith said the senators said they were looking forward to learning more about the issues.

Justices Weigh Extent Of 'Alien' Risk to Firms

BY JESS BRAVIN

WASHINGTON—The Supreme Court on Wednesday considered whether corporations can be sued under an 18th-century statute authorizing foreigners to file cases in U.S. courts alleging violations of international law.

The first Congress passed the Alien Tort Statute partly to assure foreign governments that the new American republic would act responsibly on the world stage. More than 200 years later, several thousand Israeli victims of terrorism have invoked the law to sue Jordan's Arab Bank PLC, which they allege helped finance attacks with money transfers through its New York branch.

Paul Clement, the attorney for Arab Bank, argued in court Wednesday that 18th-century lawmakers never would have contemplated liability extending to a foreign business.

"The concern in 1789 was that some individual might strike the French ambassador," he said, recalling an incident that helped prompt the legislation, an attack on a diplomat being a violation of international law. "There wasn't a concern that some artificial juridical entity would rise up and strike the ambassador."

"Why would it have mattered?" said Justice Elena Kagan. "Suppose there was a corporation that had a beef about the ambassador and sent one of its employees to go strike the ambassador," she said, suggesting that Congress would have no reason to make an individual attacker liable for damages but his corporate employer immune.

That was the essence of the argument made by the victims' lawyer, Jeffrey Fisher, a Stanford law professor.

The Alien Tort Statute should be construed like any other law, he said. That "yields a straightforward result: The traditional presumption that corporations can be held liable in civil actions."

Chief Justice John Roberts was skeptical.

"We passed this statute to avoid foreign entanglements because we wanted to provide a forum for someone like the French ambassador" to find justice in federal court, he said, rather than escalating the incident into an international conflict. "I'm wondering if extending it to corporate liability is, in fact, going to have the same problematic result of increasing our entanglements," he said.

In a friend-of-the-court brief, Jordan said allowing the suit to proceed "would undermine that vital relationship [between Amman and Washington], threaten Jordan's economy and offend its sovereignty."

President Denies Seeking Increase In Nuclear Arsenal

BY MICHAEL C. BENDER

WASHINGTON—President Donald Trump denied he has sought a 10-fold increase in the nation's nuclear arsenal, saying such a move was "totally unnecessary" and lashed out at the media organization that reported he requested the buildup.

"No, I never discussed increasing it," Mr. Trump told reporters, adding that he was interested in "modernization and total rehabilitation" of the nuclear arsenal. "We have so many nuclear weapons. I want them in perfect condition, perfect shape. That's the only thing I ever discussed."

NBC News reported Wednesday morning that Mr. Trump told national security officials at a July meeting that he wanted a nearly 10-fold increase in the U.S. nuclear arsenal. The arsenal currently amounts to about 4,000 warheads, down from a peak of about 30,000 in the 1960s, according to the Defense Department.

Earlier on Wednesday, Mr. Trump called the nuclear weapons story "pure fiction" and suggested on Twitter that NBC and other news organizations should have their broadcasting licenses challenged. Mr. Trump wrote: "With all of the Fake News coming out of NBC and the Networks, at what point is it appropriate to challenge their License? Bad for country!"

Later, in his Oval Office remarks, he said it was "frankly disgusting the press is able to write whatever it wants to write."

"People should look into it," he added.

Local television stations are granted broadcast licenses by the Federal Communications Commission. NBC News parent NBCUniversal owns and operates some local stations, like other major media companies, but has a larger group of "affiliates," independently owned stations that carry its news programming.

A spokesman for NBC News declined to comment.

Defense Secretary Jim Mattis also issued a statement Wednesday denying the NBC report. "Recent reports that the president called for an increase in the U.S. nuclear arsenal are absolutely false," he said. "This kind of erroneous reporting is irresponsible."


BRIAN CAHN/ZUMA PRESS

A Titan II Missile as seen from atop the silo at the Titan Missile Museum, site of a formerly operational Titan II ICBM complex in Arizona.

As Canadian Prime Minister Justin Trudeau sat nearby in the Oval Office with his hands folded in his lap, the U.S. president also appeared to acknowledge a difference with Secretary of State Rex Tillerson over how to approach North Korea.

"I have a little bit different attitude on North Korea than other people might have," Mr. Trump said when asked if he and Mr. Tillerson were on the same page. "I listen to everybody, but ultimately my attitude is the one that matters. That's the way it works. That's the way the system is."

He added that he may feel "stronger and tougher" on the subject. "Ultimately, I will do what's right for the United States, and what's right for the world," he said. "Because that's really a world problem."

FROM PAGE ONE

BONDS

Continued from Page One

summer, and the National Bank of Greece launched a bond sale Tuesday, marking the first visit of a Greek bank to the credit markets since the country's sovereign-debt crisis.

And June saw the bond-market debut of the Maldives, a tiny nation in the Indian Ocean that raised $200 million in a sale of five-year bonds with a 7% coupon.

Speculative-grade bond issuance in the developing world has hit a record $221 billion this year, according to data from J.P. Morgan Chase & Co. and Dealogic, up 60% from the full-year total in 2016.

Buyers reason that the debt pays a healthy yield and carries few immediate risks. The global economy appears robust and emerging-market defaults are low. Bankers say they expect emerging markets to sell tens of billions of dollars in additional junk bonds by year-end.

The euphoria is worrying some investors, who warn that frenzied buying of risky assets sometimes presages market turning points. The average yield on speculative-grade corporate bonds in emerging markets dropped to 5.53% late last week, the lowest on record, according to J.P. Morgan. Two years ago, that yield was more than 9%.

"While I am not shouting the end is near, it is normally pretty far down the line that emerging markets start to see this type of euphoria," said Wilbur Matthews, principal at Vaquero Global Investments LP, a firm that specializes in emerging markets. He said he has been selling some riskier debt to buy higher-rated bonds and securities that mature sooner.

Tajikistan's bonds were rated B- by S&P, six notches below investment grade. The ratings firm estimated the country's per capita gross domestic product at $900, putting it among the lowest of the sovereign nations it rates, but said it sees Tajikistan's growth prospects improving gradually.

"Investors are very bullish on bonds from emerging markets and very keen to diversify into new names," said Peter Charles, a Citibank managing director who handled the Tajikistan bond sale. The country plans to use some of the proceeds to finance a power-plant project.

Some passed on the opportunity. Samy Muaddi, who manages a portfolio of emerging-

Cheap Money

Yields on corporate junk bonds in the emerging markets have fallen to record lows.

Yields on J.P. Morgan Corporate Emerging Markets Bond Index, High Yield, weekly as of Oct. 6

Source: J.P. Morgan

THE WALL STREET JOURNAL.

market bonds at T. Rowe Price Group, said he didn't buy the Tajikistan debt because he lacked information about the country's repayment history and financial strength. "We are seeing a lot of aggressively priced deals, as many new entrants are coming to the market with less-established track records," he added. T. Rowe has about $16 billion in emerging-market debt.

Companies that previously struggled to raise money in the credit markets had no trouble doing so recently. Geo Energy Resources, an Indonesian coal-mining group, canceled a $300 million bond sale in July when investors were demanding a yield of close to 9%. In late September, the company returned to the markets and sold the bonds with an 8.3% yield.

And even issuers with a history of defaults have been able to find buyers for their debt. Argentina in June sold 100-year bonds, even though the South American nation has defaulted multiple times over the past few decades.

Prices of emerging-market junk bonds have gained sharply this year, pushing their "spreads," or the additional yield that investors demand over interest-rate benchmarks, to multiyear lows. That spread over U.S. Treasurys was just 3.48 percentage points at the end of last week, the tightest level in 10 years, according to J.P. Morgan. A year ago, the spread was 5.3 percentage points.

Buyers of such bonds have been collecting hefty returns. A J.P. Morgan index that tracks high-yield corporate bonds in the emerging markets has risen 9.2% this year through September, significantly outperforming U.S. junk bonds, which have returned 6.7% over the same period.

There are fundamental reasons why global investors are rushing into riskier emerging-market debt. Many companies are growing, their balance sheets are improving and default rates are at multiyear lows, said Fraser Lundie, a portfolio manager and co-head of credit at Hermes Investment Management in London, which has about $39 billion under management.

But buyers of bonds issued by low-rated companies and countries in the emerging world could be exposed to multiple risks should markets turn, investors say.

In previous times of market stress and economic weakness, junk bonds and emerging-market debt were among the asset classes that suffered sharp price declines as investors dumped riskier holdings for safer ones. The recent tightening in spreads raises questions about whether investors are getting adequately paid for the risk they are taking on. A faster-than-expected interest-rate increase by the Federal Reserve could also hurt bonds broadly, because bond prices fall when rates and yields rise.

Polina Kurdyavko, co-head of emerging-market debt at BlueBay Asset Management, a fixed-income firm with $57 billion of assets under management, said she isn't worried yet. Junk-bond issuance, which makes up less than half of overall emerging-market debt supply, has so far been increasing proportionally to the broader sector.

"I'll start worrying when high yield dominates new bond issuance in emerging markets," she said.

—Steven Russolillo contributed to this article.

WORLD NEWS

Spain Opens Path to Curb Catalan Powers

Madrid gives deadline to secessionist leader to clarify whether he declared independence

By Jeannette Neumann And Giovanni Legorano

ANGEL NAVARRETE/BLOOMBERG NEWS

Mariano Rajoy, Spain's prime minister, spoke to lawmakers at the parliament in Madrid on Wednesday on the crisis in Catalonia.

BARCELONA — Spanish Prime Minister Mariano Rajoy set a Monday deadline for Catalonia's leader to clarify whether he declared independence, taking the first step toward potentially stripping the region of some of its powers and escalating his confrontation with the separatists.

Mr. Rajoy on Wednesday accused the separatist leader Carles Puigdemont of deliberately sowing confusion the prior night by declaring the region an independent republic based on the results of an unauthorized referendum, but immediately asking lawmakers to suspend the declaration.

Mr. Rajoy's demand opens the way to the unprecedented implementation of a constitutional provision that allows the government to revoke some of a region's power if its actions threaten Spain's interests.

"The response that the [Catalan] leader gives to today's demand will determine the future of events over the next days," Mr. Rajoy said.

But Mr. Rajoy also assured lawmakers in Madrid on Wednesday that he remained open to dialogue. The prime minister said he had started talks with a main opposition party to debate changes to Spain's constitution.

Some lawmakers have called for amendments that would allow Catalonia and Spain's 16 other autonomous regions to hold a referendum on independence, as long as all Spaniards can vote.

The Spanish prime minister must strike a delicate balance as he works to keep his country whole, upholding Spanish law while not inadvertently antagonizing the Catalan majority.

Mr. Rajoy and other political leaders see Catalan authorities' offer to talk as a negotiating tactic and an attempt to garner international sympathy for their cause. Catalan lawmakers have requested international mediation over the issue.

"I can't negotiate when the negotiations consists of 'referendum no matter what,'" Mr. Rajoy told lawmakers. "Mediation isn't possible between what's lawful and what's disobedient and illegal."

Spanish courts have repeatedly said it is unconstitutional for a region to take steps to break with the rest of the country. Opposition lawmakers also backed Mr. Rajoy's rejection of outside mediation, saying the national parliament is the appropriate place for such negotiations.

Mr. Rajoy's demand for clarification opens the way to the unprecedented implementation of a constitutional provision that allows the government to revoke some of a region's power if its actions threaten Spain's interests. Spain's constitution pledges to uphold the country's "indissoluble unity."

"If Mr. Puigdemont shows his willingness to respect the law and re-establish institutional normality, it would put an end to a period of instability, tension and a fracture to [our] coexistence," said Mr. Rajoy in televised remarks.

If Mr. Puigdemont confirms that he did declare independence—or if he doesn't respond by the deadline—he would then have until Oct. 19 to rectify his secessionist bid.

If Mr. Puigdemont doesn't back down, the government would then ask the upper house of parliament to approve the suspension of some of the region's powers. The government must specify which functions—for instance, the regional police force—are to come under Madrid's control.

Mr. Rajoy's base broadly supports a hard line against Catalan separatists, and surveys show that a majority of Spaniards support unity.

Mr. Rajoy's demands put Mr. Puigdemont in a tight corner. If the Catalan leader responds by confirming he declared independence, the government is likely to trigger the constitutional provision.

But if he backs off, hardline members of the Catalan government could withdraw their support.

Madrid's Bid to Preserve Unity Tests Constitution's Reach

BARCELONA—Madrid triggered the first step Wednesday toward invoking Article 155 of the Spanish constitution in the name of preserving the unity of the nation.

Article 155 allows the central government to suspend some of the powers of a region under specific conditions. But it has never been used, leaving experts uncertain about how extensively the government can employ it.

"Nobody knows what the real reach of this law is," said José Manuel Vera, a professor of constitutional law at Madrid's King Juan Carlos University. "The suspension of powers can mean many things."

According to the constitution, if an autonomous region—Spain is divided into 17 regions with ample powers—doesn't fulfill the obligations imposed by the law or if its actions threaten Spain's general interests, the government "can adopt the necessary measures to force it to comply with these obligations or to protect the general interest." To that end, it can "give instructions" to all regions, the article adds.

For instance, the central government could suspend the head of the regional police, Mossos d'Esquadra, or Catalonia's head of education. In those cases, it could appoint a representative of the central government to step in and ensure the normal functioning of the administration under Catalan rules. It could even suspend the regional president, whose functions would then be fulfilled by the vice president, experts say.

Before triggering Article 155, the government must formally ask the region to rectify the behaviors that breached the law and it could set a specific deadline for compliance. Prime Minister Mariano Rajoy fulfilled that requirement Wednesday by asking Carles Puigdemont, the president of the Catalan region and the leader of the secessionist movement there, to confirm whether he declared independence.

If the region doesn't comply with the government's request, the government can ask the Senate to approve the suspension of the region's powers, specifying which functions are to come under Madrid's control. The whole process can take at least four or five days, experts say.

Experts say the authors of the article purposely left it open to interpretation and conceived it for exceptional situations, possibly including a declaration of secession by a local community. Most countries based on a system of federal states or those that grant an ample degree of autonomy to local regions have similar provisions.

Catalonia could challenge the central government's decision before Spain's constitutional court.

—Giovanni Legorano

Middle Class Drives Push for Independence

By Giovanni Legorano And Marina Force

JORGE GUERRERO/AGENCE FRANCE-PRESSE/GETTY IMAGES

Supporters listened to an address by Catalan President Carles Puigdemont in Barcelona on Tuesday.

BARCELONA—Catalonia's middle class has emerged as the bedrock for separatist sentiment, fueled by accusations that the rest of Spain drains—and wastes—tax revenues from a region proud of its banks and industrial prowess.

The widespread belief among Catalans that Madrid saps money from the wealthy northeastern region is one of the main propellants of an independence movement that has brought Spain to the brink of a constitutional crisis.

"Catalan independence is a middle-class revolt," said Andrew Dowling, a historian at Cardiff University in the U.K. "Middle-class Catalans think independence will bring them a better life, while working-class people tend to think their life won't get any better with independence."

While the revolt of the middle class has exploded to dramatic effect in Catalonia, that cohort has also voiced its dissatisfaction elsewhere in Europe, including northern Italy and the prosperous German state of Bavaria.

According to a poll in July by Catalonia's regional survey agency, around half of those who define themselves as middle class or upper middle class want Catalonia to become independent. By contrast, only 28% of the working class supports secession.

Catalonia's economy, bolstered by revenue generators such as petrochemical firms and a world-class port, makes up about a fifth of Spain's gross domestic product. Catalonia boasts per capita GDP 19% higher than the Spanish average and is home to more companies than any other of the country's 17 regions, including Madrid.

Under Spain's tax redistribution system, the region sends the equivalent of 5% or 8% of its GDP, depending on different calculations, to the central government's coffers. According to the Spanish finance ministry, Catalonia was the third-largest contributor per capita, after Madrid and the Balearic Islands, to the national budget. Many Catalans see those billions of euros as money that could be spent on the region's own growth and development.

Many independence-minded Catalans argue that they have a much smaller, more efficient public sector than the rest of Spain and resent what they view as waste of their tax revenues by poorer regions of the country. For instance, according to national statistics agency, only 15% of workers in Catalonia are state employees, compared with 33% in Extremadura, a poor region in southwestern Spain.

In contrast, some pro-union Catalans say they accept that Spain's wealthier regions have to carry more weight than poorer regions, seeing that as an example of solidarity. Madrid says Catalonia and other regions benefit from the union and that an independent Catalonia would have major tariffs with its main trading partner, the rest of Spain.

Between 2011 and 2016, overall capital investments by the Spanish state for the whole country dropped 55%. In Catalonia, they dropped by more than two-thirds. Cuts to public-sector salaries and increases in university tuition particularly angered Catalans.

Spanish authorities "haven't sunk much into our road networks since the Olympics in the early 1990s," said Rafael Ulacia, a 41-year-old engineer from Barcelona who voted for independence on Oct. 1. He argues that an independent Catalonia will be able to spend more of its own money on local projects. "It would just be much better if we separated," he said.

Europe Strains to Find a United Response to Trump on Iran Deal

By Laurence Norman

JOE KLAMAR/AGENCE FRANCE-PRESSE/GETTY IMAGES

European Union senior diplomat Helga Schmid, left, with Iranian deputy foreign minister Abbas Araghchi in Vienna in April.

BRUSSELS—European officials are working on a unified response to President Donald Trump's expected decision to pull U.S. backing from the 2015 Iranian nuclear accord, but strains have emerged that threaten to weaken Europe's common stance.

Several of France's European partners have pressed Paris to back off talk of supplementing the agreement to address issues including Iran's missile tests and how to contain Tehran's future nuclear work.

Under U.S. law, Mr. Trump faces a Sunday deadline to certify that Iran is complying with the deal and that the agreement remains in the U.S. national interest. The pact resulted in most international sanctions on Tehran being lifted in exchange for Iran winding down its nuclear activities.

Mr. Trump, a fierce critic of the accord, is expected not to certify the agreement, giving Congress 60 days to decide whether to reimpose suspended sanctions. Doing so could rapidly lead to an unraveling of the nuclear deal, but senior U.S. lawmakers have suggested that, for now, they are more likely to impose new sanctions on Iran unrelated to nuclear issues. That would leave the accord intact.

U.S. officials have long said they want to persuade Europe to work with them on raising pressure on Iran. Europe's trade with Iran has grown sharply since sanctions were suspended in January 2016 and dwarfs U.S.-Iranian commerce.

Officials say the European governments that helped the Obama administration negotiate the nuclear deal—France, the U.K., and Germany among them—are preparing a formal response to Mr. Trump's expected move, although the final form will depend on how Washington frames its decision. The statement, likely to be made within hours of the U.S. announcement, will refrain from criticizing Washington and instead emphasize Europeans' strong backing for the deal, these people say.

It will likely acknowledge U.S. concerns about Iran's regional behavior and missile tests but stress these issues, which weren't part of the nuclear deal, should be dealt with separately, officials said.

A similar message is expected on Monday, when EU foreign ministers meet, and on Thursday, when the bloc's leaders gather in Brussels.

Yet differences have appeared over how to respond to calls by some U.S. officials to renegotiate the agreement and raise pressure on Iran over its nonnuclear actions.

European ambassadors in Washington have spent recent days meeting with lawmakers from both sides of the aisle to send the bloc's key message: We are willing to discuss U.S. concerns about Iran and even the agreement, but the U.S. must first make clear it will abide by the deal.

French President Emmanuel Macron appeared to lay out a somewhat different approach to U.S. concerns in two recent speeches, in Paris and at the United Nations.

Speaking at the U.N., Mr. Macron said that while it would be a "grave mistake" to kill the agreement, France wished to be "more demanding" of Iran. "I would like us to supplement this agreement with work that will help control Iran's ballistic [missile] activities, and to govern the situation after 2025," when the deal's limits on Iran's nuclear work start to expire.

France has also pressed longstanding concerns that the deal allows Iran, over time, greater freedom to work on more advanced centrifuges, which would allow Tehran to produce weapons-grade uranium more quickly, people familiar with the discussions said.

France's stance raised concerns among its EU partners and the two other governments that negotiated the deal, Russia and China. Two people familiar with discussions said several governments raised their worries with Paris. They told them to be careful not to give opponents of the deal in the Trump administration fresh ammunition or to create the impression that Europe was malleable on the accord.

There was "a possible concern" that this "could harm the common stance and finally the deal itself," one of the people said.

WORLD WATCH

JAPAN

U.S. Marine Helicopter Crashes on Okinawa

A U.S. Marine Corps helicopter went up in flames after an emergency landing on the southern Japanese island of Okinawa.

A U.S. military statement said no one was injured in the crash Wednesday in the northern part of Okinawa outside a U.S. training area. Footage from the scene aired on Japanese public broadcaster NHK showed smoke and flames billowing from the CH-53E helicopter.

The U.S. military said the fire was later extinguished and the cause of the incident was under investigation. *—Peter Landers*

MEDICINE

Two Ebola Vaccines Show Strong Results

The first placebo-controlled study of two vaccines against the Ebola virus found that they both successfully created a powerful antibody response for a year, suggesting they both could become tools to save lives in a future epidemic of the deadly disease.

The research, by doctors from the U.S. and Liberian governments and elsewhere, was published Wednesday in the New England Journal of Medicine and took place amid and after the outbreak of Ebola in Liberia from 2014 into 2015.

Five hundred participants received a vaccine developed by Merck & Co., 500 got one from GlaxoSmithKline PLC, and 500 received a placebo.

With the Merck vaccine, at one month, 83.7% of patients had developed antibodies to Ebola virus, versus 70.8% with the Glaxo vaccine, and 2.8% in the placebo group. The relationship of antibody responses was similar after 12 months.

There is a "reasonable chance that either of these vaccines would play a role in preventing infection," said H. Clifford Lane, deputy director for clinical research at the National Institute of Allergy and Infectious Diseases and a principal investigator in the study.

—Thomas M. Burton

SOUTH CHINA SEA

Beijing Protests U.S. Sailing Near Islands

China is protesting the sailing of a U.S. Navy ship near its territorial claims in the South China Sea, saying it would continue to take measures to protect Beijing's interests in the waterway.

A U.S. official said a U.S. destroyer sailed near the Paracel Islands on Tuesday, coming within 16 nautical miles of land.

Chinese Foreign Ministry spokeswoman Hua Chunying on Wednesday denounced the mission as dangerous and a violation of China's sovereignty. She said the military verified the presence of the U.S. ship by sea and air and warned it off.

China claims the South China Sea and its islands virtually in their entirety. The U.S. Navy regularly sails through the area to assert freedom of navigation.

—Associated Press

SIMON MAINA/AGENCE FRANCE-PRESSE/GETTY IMAGES

KENYA PROTEST: Opposition supporters rally a day after their candidate withdrew from a scheduled presidential-election rerun.

WORLD NEWS

U.S. Sets Goal: Dilute Nafta

BY JACOB M. SCHLESINGER

CAROLYN KASTER/ASSOCIATED PRESS

Messrs. Trump and Trudeau, the U.S. and Canadian leaders, met at the White House on Wednesday.

WASHINGTON—The Trump administration has honed its strategy for remaking the North American Free Trade Agreement in recent weeks as it prepared for a critical round of talks that started Wednesday—by proposing a number of specific ways to water down the pact and reduce its influence on companies.

U.S. trade officials have made that theme clear in recent days, prompting a backlash from Mexico and Canada and from business groups in all three countries, casting new uncertainty over the talks as they resume in Washington.

One provision designed with that objective is a "sunset" clause that would force Nafta's expiration in five years unless all three countries act to renew it, people briefed on the plan said.

Other proposals, these people said, would weaken or eliminate mechanisms aimed at settling disputes between the three countries and curbing the unilateral threats and sanctions that frequently roiled trade ties in earlier years.

None of the U.S. proposals would alter the specific trade terms that have spurred a quarter-century of commercial integration between the U.S., Mexico and Canada, such as tax-free trade across borders. But the uncertainty they introduce over enforcement and duration would likely make them less appealing to companies, business groups say.

The administration wants to "change the incentives to disincentives," and "create more uncertainty and reluctance for U.S. businesses to invest in Mexico," said an outside trade adviser to the administration who has discussed the Nafta talks with officials. "They want to change the decision making around outsourcing and the offshoring of investment."

President Donald Trump has attacked the 1994 pact as "a disaster" and has threatened to pull the U.S. out, and reiterated that threat Wednesday in a meeting with Canada's Prime Minister Justin Trudeau, saying "if we can't make a deal, it will be terminated and that will be fine." He opened the door to separate trade deals with Canada and Mexico but said the plan for now is to "renegotiate" the 23-year-old trade pact.

Mr. Trump and his aides have not publicly detailed what changes would be needed to avoid that outcome. Behind the scenes, however, lawmakers, lobbyists for a range of industries and other stakeholders are now getting a fuller picture of the U.S.'s posture.

That has sparked a fierce lobbying effort by American business groups to quell them. "We've reached a critical moment," Thomas Donohue, president of the U.S. Chamber of Commerce said in a speech Tuesday in Mexico City, as he sought to tighten cooperation with Mexican government and business leaders in fighting his own government's plans. "The chamber has had no choice but to ring the alarm bells."

U.S. Trade Representative Robert Lighthizer, who has presented the administration's plan to interested parties, opened the talks on an upbeat note Wednesday, saying the three countries "have made good progress" so far. Officials also said they were extending the talks through early next week so that Mr. Lighthizer, Canadian Foreign Affairs Minister Chrystia Freeland and Mexican Secretary of Economy Ildefonso Guajardo Villarreal could meet.

Business groups lash out at U.S. proposals, saying they will create uncertainty.

As part of the swirl of diplomacy aimed at creating a widespread alliance to salvage much of the current Nafta, Mr. Trudeau was in Washington on Wednesday to meet with Mr. Trump and lawmakers who have opposed the Trump proposals, before heading to Mexico to coordinate with President Enrique Peña Nieto.

Mr. Trudeau said after the event that he was convinced Mr. Trump will work "in good faith" to give Nafta a makeover that benefits all three countries. "Circumstances are often challenging, and we have to ready for anything, and we are," he said, although he didn't elaborate.

Before his meeting with members of the Ways and Means committee, Mr. Trudeau said he was here to discuss making trade between the U.S. and Canada "easier" and "more profitable for your corporations." He added that lawmakers in Congress can't lose sight of the big picture on Nafta. "We have benefited immeasurably from what we have been able to build together," Mr. Trudeau said.

—Michael C. Bender and Paul Vieira contributed to this article.

◆ Delta dismisses fears of tariffs on Bombardier planes........ B3

Internet Connection Enabled Seoul Hack

Suspected Pyongyang assault on military database originated in cybersecurity software

By Timothy W. Martin and Kwanwoo Jun

SEOUL—A breach of South Korea's military database by suspected North Korean hackers originated in compromised third-party cybersecurity software and was made possible by an unintended connection to the internet, people familiar with the attack said.

The cyberassault in September 2016, in which South Korean and U.S. military secrets were stolen, caught South Korean officials off-guard, the people said, because it occurred within a military intranet believed to have been cut off from the internet and therefore protected from outside hacks.

AHN YOUNG-JOON/ASSOCIATED PRESS

South Korean soldiers rode a K-1 tank during a military exercise in the border city of Paju last month.

The stolen classified military documents included a joint U.S.-South Korean plan detailing how to eliminate the Pyongyang leadership in the event of war, U.S. defense officials and a South Korean lawmaker said. U.S. defense officials said they didn't see any impact on potential future military operations.

To gain entry, North Korean hackers first attacked a Seoul-based firm, **Hauri** Inc., which makes the antivirus software installed on computers used by South Korea's military, the people said. The hackers then embedded the malware onto the antivirus software, allowing North Korean operatives to infiltrate military servers.

The hack was possible because of a failure to remove a connector jack linking the military intranet to the internet after maintenance work at the South Korean military's newly built database center, the lawmaker, Rhee Cheol-hee, said on Wednesday.

The intranet had been mistakenly connected to the internet for more than a year until Seoul found a possible breach in September 2016, said Mr. Rhee, a member of the ruling Democratic Party.

"It's a ridiculous mistake," he said in a phone interview. "They should have removed the connector jack immediately after maintenance work."

The breach also could have put North Korean hackers in a position to unleash damage on critical South Korean infrastructure. Pyongyang has targeted South Korean government agencies before, with efforts focused on intimidation or destabilizing networks.

North Korea has denied involvement in previous hacking attacks on South Korea.

On Tuesday, cybersecurity firm FireEye Inc. said it had found unsuccessful recent attempts by hackers affiliated with North Korea to infiltrate U.S. electric power companies with spearphishing emails. FireEye didn't specify the firms affected.

Some cybersecurity experts are skeptical North Korea's hackers are advanced enough to succeed at such a ploy. "We haven't seen them make that step yet to gain access to the infrastructure systems," Bryce Boland, the Asia-Pacific chief technology officer at FireEye, said in an interview. "Maybe they're holding their cards, but our experience is that North Korea will cause disruption when they have the capability to do so."

South Korea is no stranger to Pyongyang's cybertactics. Government groups and agencies are the target of some 1.4 million daily hacking attempts suspected to originate from North Korea, according to South Korean hacking experts.

"It is very difficult for South Korea to protect itself against the North," said Ross Rustici, a former U.S. Department of Defense cybersecurity analyst, who now consults private companies. "North Korea has proven time and again that they are able to not only victimize civilian infrastructure, but also get into military networks."

Accused Kim Killers Knew They Had Poison, Police Say

By ***Yantoultra Ngui*** *in Shah Alam, Malaysia, and* ***Ben Otto*** *in Jakarta*

Previously unreleased airport security video shows that the women accused of murdering the half brother of North Korea's dictator hurried to separate restrooms immediately after appearing to smear liquid on his face, actions police said demonstrated the pair were well-trained and knew they had a poisonous substance on their hands that needed to be washed off.

The video, presented during trial proceedings on Wednesday in the death of Kim Jong Nam, also showed what a police officer described as the "aggressive" actions of one of the women. That compared with security footage from before the attack that showed her appearing to practice by touching people gently at the same airport.

Mr. Kim, the elder brother of Kim Jong Un, died shortly after his encounter with the pair from what Malaysian authorities have said was exposure to deadly VX nerve agent.

The Feb. 13 attack, in which defendants Siti Aisyah of Indonesia and Doan Thi Huong of Vietnam approached Kim Jong Nam from opposite sides at Kuala Lumpur International Airport and appeared to rub something on his face, lasted just seconds.

The new video shows that immediately after the assault, Ms. Huong and Ms. Aisyah strode quickly away in opposite directions, each walking with hands slightly raised and away from their bodies, then taking elevators down one level to separate restrooms. Both women reached the restrooms within minutes of the attack.

They stayed in the restrooms for about a minute, during which time each appeared to have washed her hands, a police officer said. Upon exiting the restrooms, both women relaxed their arms, striding quickly away with their hands at their sides, the video shows. Both women then left the airport.

Wan Azirul Nizam Che Wan Aziz, a police officer investigating the case, described the women's demeanor as more relaxed after they exited the restrooms.

The women's defense attorneys said after the session that the poor quality of the video made it inconclusive and that the officer's assessment amounted to a personal interpretation of events.

Ms. Huong and Ms. Aisyah face the death penalty if convicted of murdering Mr. Kim. Malaysian officials have said the women exposed Mr. Kim to the deadly nerve agent VX under the direction of North Koreans who were also at the airport on the day of the attack. North Korea has denied any involvement, and the women have pleaded not guilty. Defense lawyers say the women believed they were performing a prank for a television show.

New Law to Shield Brazilian Troops From Civilian Courts

By Paulo Trevisani

BRASÍLIA—Brazilian troops who are increasingly being pressed into service to fight urban drug gangs will face a military tribunal, rather than a civilian court, if they are accused of killing civilians, under new legislation.

Around 1,000 soldiers with armored vehicles and helicopters were deployed last month in Rocinha, one of Rio de Janeiro's largest shantytowns, to back police forces in raids on violent drug gangs. Troops were deployed again this week when clashes erupted between rival gangs.

Killings of civilians by police in clashes with drug gangs are frequent. Rio officials said that 16 civilians have been killed since Sept. 17 by police and drug traffickers during the Rocinha operation.

Although no killings by soldiers have been reported, the legislation has drawn protests from human-rights groups, who see it as a throwback to the 21-year military dictatorship that ended in 1985. At that time, the military was accused of using military tribunals to cover up killings and torture of opponents of the regime.

MAURO PIMENTEL/AGENCE FRANCE-PRESSE/GETTY IMAGES

Brazilian military police guard the Rocinha favela in Rio, where 16 civilians have been killed in clashes with drug gangs since Sept. 17.

"This is a guarantee of impunity for human-rights violations and torture," said Renata Neder, human-rights adviser for the local chapter of Amnesty International. "Military courts lack impartiality and independence."

Defense Minister Raul Jungmann, in an interview, said the military was being called on to perform police duties without proper training because cash-strapped state governments can't afford to hire and train enough police officers.

"We don't like to do this type of job," he said. "We help when needed, but the central role belongs to the police."

Mr. Jungmann said in the event of unlawful death charges against soldiers, military courts were better equipped to rule fairly and quickly than slow-moving civilian courts. He added that charges such as torture aren't covered by the new law and would continue to be heard by a civilian court.

Proponents of the legislation in Brazil say troops called to fight urban crime need legal protection as drug gangs in Rio and other major cities engage in gunbattles in the densely populated shantytowns.

"Military operations are very complex and a specialized court is necessary" to try crimes committed during these operations, Sen. Jorge Viana said. "We are living in a democracy and there is no risk" that military courts will be misused, he said.

The bill, approved late Tuesday, is expected to be signed into law by President Michel Temer in the coming days.

Military involvement in antidrug law-enforcement operations has been questioned in Mexico as well, as has the effectiveness of military tribunals in dealing with accusations against military personnel of torture and killings in that country.

CHINA

Continued from Page One

Yidian Zixun and Beijing Tiexue declined to comment. Tencent, Weibo and Alibaba didn't respond to requests for comment.

The Communist Party expropriated private businesses in the 1950s. Though the ban on private ownership was lifted in the 1980s, the relationship between businesses and Beijing remains fraught. Still, the party gave private enterprises some space to prosper as the leadership believed they needed economic growth to justify their legitimacy. Then Xi Jinping took power five years ago.

President Xi has fostered a more forceful role for the party in society, and the government has intervened in markets and businesses.

Beijing this summer clamped down on large private conglomerates pushing a wave of aggressive deal making overseas, leading to the detention of at least one Chinese tycoon and causing some companies to scrap deals and sell assets.

A document released by China's leadership last month to encourage entrepreneurship instructs entrepreneurs to put patriotism first and follow the party's guidance. At Mr. Xi's urging, a campaign is under way to set up party units in private companies.

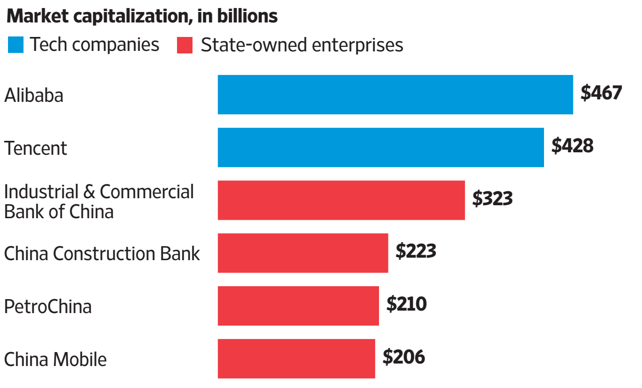
Tech has flourished in China over the past decades, in part, industry executives say, because the sector was new and seen as too risky by state companies and the government, which, in a way, shielded it from too much government regulation and crackdowns.

As their companies' reach has grown, tech entrepreneurs have worked to retain room to maneuver while maintaining Beijing's favor.

Alibaba founder Jack Ma, one of China's richest men, is setting up a foundation with a goal of raising 100 billion yuan ($15.2 billion) from fellow entrepreneurs to create opportunities for the poor—a priority for President Xi.

Tech's Great Leap Forward

China's tech companies evolved from startups to giants in 20 years, outpacing state-owned enterprises.



Source: WSJ Market Data Group THE WALL STREET JOURNAL.

Alibaba declined to comment on the foundation.

Beijing began floating the idea of special management shares in the spring of 2016, circulating a draft proposal suggesting a 1% government stake in exchange for board representation. Some companies thought the plan would fizzle, in part because of the potential for shareholder lawsuits and the high cost of shares. A 1% stake in Hong Kong-listed Tencent, for example, would cost over $4 billion. Others privately worried that bringing the government onboard would jeopardize their relative independence and affect innovation.

"This is the thing that keeps Pony up at night," says a Tencent executive about Pony Ma, the company's chief executive.

People.cn, the website of People's Daily, is paying 7.2 million yuan for a 1.5% stake in Beijing Tiexue, operator of the nationalistic military portal and forum site Tiexue.net, according to regulatory filings. People.cn will appoint a board member to Tiexue.cn and will review all content on the site, a service for which Tiexue.cn will pay, according to the filings.

"Every company will have to do it eventually, so the earlier you get in, the more competitive advantage you'll gain," says a person familiar with the deal. The person says the arrangement should help Beijing Tiexue secure "all kinds of licenses."

News app Yidian Zixun, which is owned by New York-listed Phoenix New Media and smartphone makers Xiaomi Corp. and Oppo Electronics Corp., agreed to government investment to secure licenses for video content, according to people familiar with the matter.

Beijing city's internet regulator and an investment fund jointly started by the Finance Ministry and Cyberspace Administration paid 70 million yuan for a 1% stake, according to one of the people. A midlevel official from the Beijing internet regulator now works as a special board member out of Yidian Zixun's Beijing office with veto rights over the platform's editorial decisions, according to the person.

These deals will likely provide a template for future deals, says a person who sits on the boards of several media companies and was consulted by the government on the management share plan.

Small startups will get direct investment from state-owned firms, while larger deals will be done by government-backed funds. For the biggest companies, he says, it is possible that they will "donate" shares to the government or government funds.

GREATER NEW YORK

Yankees Advance With 5-2 Victory Over Cleveland


JASON MILLER/GETTY IMAGES

DIDI DID IT: Led by two home runs by Didi Gregorius, the Yankees move on to play Houston in the next round of the baseball playoffs.

City Jails Faulted For Failure to Protect Inmates

By Thomas MacMillan

New York City jails are failing to protect inmates from sexual abuse and correction officers still "default to force" when managing defiant prisoners, according to two official documents released this week.

A two-page resolution from the Board of Correction, the oversight body for New York City jails, revealed that the Department of Correction isn't compliant with standards for assessing and protecting inmates who might be sexually abusive or vulnerable to sexual abuse.

Separately, a 259-page report from a federally appointed monitor found that city jails, including Rikers Island, operate with a "deeply entrenched culture of managing troublesome and/or potentially dangerous inmates with an iron fist."

While the Department of Correction said it is working to fix the problems, advocates for prison-system changes cited the documents as more evidence that Rikers Island, which has been long plagued by violence, needs to be closed immediately.

Mayor Bill de Blasio has laid out a plan to close the troubled jail complex over the next 10 years, while creating smaller facilities in the city's boroughs.

The resolution from the correction board relates to rules that took effect in January in response to a federal law aimed at protecting individuals from prison rape. The board found that the department hasn't met a requirement to screen inmates for the likelihood of committing sexual abuse or vulnerability to such acts, reassess them after 30 days and assign inmates to separate work and housing programs accordingly.

A correction spokesman said the department is working to create such a system. "The department is committed to rapidly identifying and appropriately housing inmates and protecting them from sexual abuse and harassment," he said.

The documents provide fuel for the critics who want Rikers Island closed.

The report from the federal monitor is the fourth since a 2015 settlement of a civil-rights lawsuit over alleged abuses at Rikers. It notes that while the department has made some progress, "serious and problematic issues involving staff use of force continue in an unabated fashion."

"DOC is in compliance with the majority of requirements in the report and is moving quickly to fix all other issues the monitor identified," Correction Commissioner Cynthia Brann wrote in an email response to the federal report.

Charters Cleared to Certify Teachers

By Leslie Brody

Shortly after an oversight body voted Wednesday to let some New York charter schools certify their own teachers, two of the state's top education officials blasted the move.

Board of Regents Chancellor Betty Rosa and State Education Commissioner MaryEllen Elia said in a joint statement that they "strongly disapprove" of this "irresponsible action," which they said will allow unqualified people to teach.

But supporters said high-performing charters deserve more freedom to develop their talent pipeline, and the plan would help them hire during a teacher shortage in some subjects. The SUNY Board of Trustees Charter Schools Committee voted 4 to 1 to pass the plan.

Edward Spiro, a committee member who voted yes, said the new regulations "may increase the quality by broadening the pool of candidates for charters to choose from."

Former Chancellor Merryl Tisch, a charter supporter appointed to the SUNY board of trustees last summer by Gov. Andrew Cuomo, joined the charter committee last month, just in time to vote yes.

The current chancellor and commissioner had already criticized an early draft of the plan. The charter committee voted on a new version, released Sunday, that added some stricter requirements.

United Federation of Teachers President Michael Mulgrew said Wednesday's vote violated rules requiring sufficient time for public comment because the proposal had been substantially revised. He also said the plan was unnecessary because the state already had enough alternative pathways to become teachers.

Raymond Rivera, founder of Family Life Academy Charter Schools in the South Bronx and backer of the new plan, said he wants more freedom to train staff. He emphasized that charters can be closed easily for poor performance so that there is no incentive to have unqualified faculty.

Under the new rules, a successful charter that wants to certify its own teachers would need approval of its training plan from the SUNY Charter Schools Institute. The regulations require a candidate to get 160 hours of instruction in behavior management, lesson planning and other skills; have 40 hours of experience in the field under a supervisor's eye; and pass one exam designed to test strategies for teaching students with special needs and English learners.

Typically, prospective teachers must complete at least a year of coursework and pass several exams to get certified.


LESLIE BRODY/THE WALL STREET JOURNAL

New York Board of Regents Chancellor Betty Rosa, right, criticized the decision on certification.

Veterinarians Enlisted To Fight Opioid Abuse

By Kate King

New Jersey Gov. Chris Christie's administration is expanding its fight against opioid addiction to include the veterinarian's office, issuing guidelines on Wednesday aimed at preventing human abuse of pain medications prescribed to pets.

The new guidelines urge veterinarians who prescribe potentially addictive opioids, such as tramadol and oxycodone, to use the New Jersey Prescription Monitoring Program. The program seeks to limit the overprescribing of opioids by requiring pharmacies to report prescription data that is shared with 14 other states.

The state requires physicians to consult the database when prescribing opioids to make sure the patient isn't seeking medically unnecessary prescriptions from multiple prescribers, a practice known as "doctor shopping." Veterinarians are exempt from this requirement and participate on a voluntary basis.

Attorney General Christopher Porrino said he believes that having veterinarians participate in the program will help prevent abuse of pain medication, which can lead to opioid and heroin addiction.

The state is trying to "limit the ways in which these very addictive drugs get into the hands of people who don't truly need them," Mr. Porrino said. "One of the roads that has remained open under the law as it currently exists in New Jersey is through veterinarians."

Richard Alampi, executive director of the New Jersey Veterinary Medical Association, said several members have told him about suspected abuse of pain medication by pet owners. Owners will say they lost their pet's medication, or veterinarians talk to each other and discover that they have both been treating the same patient, Mr. Alampi said.

To date, the attorney general's office hasn't filed any criminal or civil charges against pet owners or veterinarians for prescription opioid abuse. But Mr. Porrino said state officials are investigating several veterinarians for possibly overprescribing pain medication.

"Veterinarians can, and with some frequency do, prescribe opioid painkillers like hydrocodone," he said. "It's prevalent enough that we thought it was worth our time and attention to shut this pathway down."

Under the guidelines, veterinarians are also asked to provide more information on the prescriptions they write.

Mr. Alampi said he has some concerns about the guidelines' implementation, but that veterinarians are open to working with state officials on the issue. "We need to be included in the conversation on how that's going to be veterinarian-centric," he said.

Connecticut Union Sues to Block School Cuts

By Joseph De Avila

Connecticut's largest teachers union sued the state Wednesday, seeking an injunction to stop $500 million in education-spending cuts that came into effect as a budget impasse drags on.

In its lawsuit filed in Hartford Superior Court, the Connecticut Education Association said the school-funding cuts under an executive order signed by Gov. Dannel Malloy in July would jeopardize the ability of districts to provide a quality education.

The result of the cuts "will be devastating to the public schools of Connecticut," the lawsuit said. Other plaintiffs include the city of Torrington and the towns of Brooklyn and Plainfield. The plaintiffs also said the state overstepped its authority in reducing funds without legislative action.

Mr. Malloy's executive order was put in place at the start of the fiscal year on July 1 to keep state operations running after the state Legislature failed to pass a budget. The order maintains the same amount of funding for the state's lowest-performing schools, but reduces or eliminates aid to more than 130 municipalities around the state.

The lawsuit comes as lawmakers struggle to pass a budget to close a two-year $3.5 billion deficit that could reverse some of the cuts from the governor's executive order.

At a news conference Wednesday, Mr. Malloy said he is encouraged by the progress that state lawmakers have made at finalizing a budget and added that his staff is working on a proposal as well. It is still unclear when lawmakers will reach a budget deal that can pass.

Mr. Malloy said the union's action was premature. If lawmakers were to agree on a budget, then the spending cuts contained in the executive order could be reversed.

The state sent out the first of three installments of education funding under the executive order at the beginning of October. Some towns say they are weighing whether to raise property taxes to address the reduced municipal-aid payments.

Key Impasse Dates

June 7
Regular legislative session ends.

June 30
Fiscal year ends without a budget.

July 1
Gov. Dannel Malloy's executive order goes into effect to keep state operations running.

Sept. 16
State Legislature, led by Republicans, passes budget.

Sept. 28
Gov. Malloy vetoes budget.

Oct. 1
First installment of reduced education funds is released.

GREATER NEW YORK

CONWAY+PARTNERS PUBLISHED CREDIT: CONWAY+PARTNERS; BYRON SMITH FOR THE WALL STREET JOURNAL (BELOW)

Developers hope to attract affluent Asians to the Tangram, a commercial and residential complex under construction in Flushing, N.Y.

Project Targets Flush Buyers

Developer hopes high-end complex creates a new epicenter in Flushing

BY JOSH BARBANEL

PROPERTY

To many visitors Flushing is something of a puzzle.

The streets are bustling with people and teeming with low-rise stores that serve the large Asian-American community, interspersed with newer condo and commercial ventures. But the overall look is drab.

Now a local developer is building what it hopes will be a high-fashion commercial and residential center in the heart of the neighborhood in Queens, N.Y.

The 1.2-million-square-foot mixed-use development is called "Tangram," for a puzzle that originated in China.

The first of two glass-walled condo buildings with 192 apartments, most with balconies, is due to go on the market in the next few weeks and open at the end of 2018.

Helen Lee, the executive vice president of F&T Group, which is developing the project with Shanghai Construction Group America, said it was designed to celebrate the emergence of Flushing, long a cultural hub, as an international destination capable of attracting affluent Asians from across the country and beyond.

"We want to create a new epicenter for downtown Flushing," she said.

The plan is to create in Queens a smaller, mixed-use variation on the Time Warner Center in Columbus Circle in Manhattan. The 13-story residential towers will sit on a podium with a multilevel retail center that has two levels of display windows overlooking 39th Avenue near College Point Boulevard.

Ms. Lee said the developers have been reaching out to commercial brokers in Asia to try to lure innovative retailers and restaurants for the new shopping center.

There will be a commercial condo building known as Tangram Tower, more than 1,100 parking spaces, a hotel with about 200 rooms, a pool and a tennis court, along with the condominiums.

Anchoring the retail complex, designed without big box stores in mind, will be a multiplex, the first theater to open in Flushing in decades. The South-Korea based CJ CGV, a cinema chain with large operations in South Korea and China, will install a movie concept known as "cultureplex" in a 34,000-square-foot space, turning the entire theater into what it calls an immersive cultural experience.

The retail space will be topped by a large angular clear skylight, with panes that echo the pieces of a Tangram puzzle. The sculpted glass skylight will also be a centerpiece to a central 1-acre garden serving the condo residents.

Nancy Packes, a residential marketing consultant, said demand for apartments in Flushing was driven by Chinese, Korean and Japanese buyers, many looking for investment opportunities. This helps insulate it from supply and demand constraints in the rest of the condo market.

"The market is hot," she said. "It is unpegged to domestic demand as we know it."

The new condos at Tangram, known as Tangram House South, will come with higher levels of finishes. There are Miele appliances, wide oak plank floors and custom-designed Italian cabinets. The project also includes some Asian-centric features along with a fitness center, spa and a 60-foot-long indoor saltwater pool.

Ms. Lee said Flushing has become the third destination for many Asian visitors to New York, after they see Times Square and visit Woodbury Commons, a shopping outlet destination about an hour north of New York.

Studios at Tangram House South will start at about $600,000, with one-bedroom units at $725,000, and just over $1 million for two bedrooms. Three-bedroom units start at $1.9 million.

Demand Is Strong For Area Condos

SkyView Parc, a huge condominium and retail complex in Flushing with six separate condo towers, is headed toward a sellout after a decade, highlighting the strong demand for condos in Flushing.

The project is a self-contained community, with nearly 1,200 apartments built around a 6-acre private park.

A former parking lot, it is across College Point Boulevard from the hubbub of downtown Flushing. It is now facing new competition from Tangram and other new developments in Flushing.

SkyView Parc sold well at the start but foundered after the financial crisis in 2008. Eventually Onex Real Estate Partners, co-developer in the original project, took over control and relaunched sales in 2011.

—Josh Barbanel

GREATER NEW YORK WATCH

NEW JERSEY

Prosecution Rests In Menendez Case

As the prosecution rested Wednesday in the case of a New Jersey senator accused of corruption, the defense called on the judge to dismiss the charges.

Five weeks into the federal trial of U.S. Sen. Bob Menendez, the prosecution finished its case and the judge immediately began hearing arguments on dismissal.

Mr. Menendez, a two-term Democratic senator, faces a 12-count indictment that includes fraud and bribery charges. Prosecutors say he took $1 million in gifts and campaign contributions in exchange for political favors for Florida doctor Salomon Melgen, his co-defendant in the trial.

The senator has maintained he did nothing wrong and that the government is seeking to criminalize his longstanding friendship with Mr. Melgen, who also has pleaded not guilty.

Legal experts have observed that the prosecution could face a tricky path to conviction, given a decision by the U.S. Supreme Court in a corruption case involving former Virginia Gov. Bob McDonnell.

That ruling narrowed the definition of official corruption, raising the bar prosecutors must meet.

—Thomas MacMillan

NEW YORK CITY

Push to Reduce Dirty-Bomb Threat

Major hospitals and research institutions in New York City have agreed to reduce the number of medical devices that contain radiological material as part of an effort to eliminate threats of a so-called dirty-bomb attack, city health officials said Wednesday.

A dirty bomb uses conventional explosives to spread radioactive materials.

The initiative is being partly financed by the U.S. Department of Energy, which will provide about $250,000 toward the replacement and disposal costs for each cesium-based radiological device that is removed. The equipment, to be replaced with comparable X-ray technology, is primarily used for blood transfusions and in cancer research.

The program seeks to remove 28 of these devices from a dozen institutions throughout the city by 2023, according to the New York City Department of Health and Mental Hygiene.

While such medical equipment is heavily protected, city health commissioner Mary T. Bassett said there has long been an interest to reduce the risk of a dirty bomb altogether. A dirty bomb attack in the city wouldn't result in large numbers of initial casualties, she said, but would result in immense financial costs and leave a swath of the city uninhabitable.

—Melanie Grayce West

LIFE & ARTS

PHOTO ILLUSTRATION BY WSJ; PHOTOS CLOCKWISE FROM TOP LEFT: ISTOCK (SKY, HAWAIIAN + DELTA); REUTERS; ZUMA PRESS; ASSOCIATED PRESS; JETBLUE AIRWAYS (TOP)

THE MIDDLE SEAT | By Scott McCartney

A Secret to Picking An On-Time Flight

TRAVELERS PICK FLIGHTS by price and schedule. But if you want to get there as planned, it's worth paying attention to which type of plane you choose.

A data dive shows different types of planes within airline fleets have varying records for on-time arrivals and cancellations. At some carriers, older planes have more delays. Sometimes it's brand-new planes that suffer more glitches. More important than age: How each airline flies and fixes particular planes impacts whether you'll be late or stranded.

Travelers often don't have an aircraft choice—airlines serve some routes only with regional jets or particular wide-body types. But many busy routes have a variety of aircraft, and passengers can pick planes when booking reservations.

Booking flights on United 737s instead of United 757s, both made by Boeing, could significantly improve your chances of smooth sailing. United 757s arrived on time for flights only 70% of the time over the past two summers, according to data compiled by masFlight, the aviation data division of Global Eagle Entertainment Inc. But United 737s did significantly better: 82% on time over the same period.

Airlines are pouring lots of time and money into understanding fleet reliability. Delta put together a team of mechanics, engineers and data geeks to find ways to make specific types of planes less prone to breakdowns. American says it has renewed efforts to schedule flights so each type of plane performs better.

"It's not necessarily the airplane itself. It's how we're operating it," says David Seymour, American's senior vice president of integrated operations.

If no planes are reserved as spares, fleets become less reliable. Small fleets spread out among multiple hub airports often suffer higher cancellation rates because there aren't opportunities to swap planes. (Airlines rarely switch aircraft type for flights, since seat counts and crews would be different. But they routinely switch planes within the same family.) Time scheduled for routine maintenance can get crimped if the planes get to mechanics late day after day.

Mr. Seymour says in the summer of 2016 American had six different kinds of wide-body jets flying international trips from Chicago. Reliability suffered. When glitches hit, the airline had little ability to swap planes. Last summer, American concentrated Chicago international trips on three types of wide-bodies and reliability improved. Next summer, all international trips from Chicago will be on **Boeing** 787s to reduce cancellations and delays.

At the request of the Journal, masFlight compiled June 1-to-Aug. 31 on-time and cancellation rates over six years for each type of plane flown by each U.S. airline. Summer reliability is critical for airlines. It's their busiest season, and cancellations and missed connections can lead to passengers stuck for several days, since planes have few empty seats to accommodate travelers.

Among the worst-performing planes were United 747s, which arrived on-time an average 63.1% of flights during the past two summers. It's been that way for a while: Over six years, United 747s had an average summer on-time arrival rate of 66.2%, according to masFlight.

United has been phasing out the venerable queen of the skies and will fly its last 747 passenger flight Nov. 7.

United says it has worked the last several years on improving the reliability of the wide-body fleet, including 747s, to achieve better on-time performance. Wide-body cancellations are down 60% since 2014. "We expect an overall improvement in reliability" once the last 747 is gone, a spokesman says.

Delta does better with its 747s, but the graceful big birds are still one of its poorer performers. Delta will replace its last seven 747s with new **Airbus** A350s by the end of this year.

Delta has improved its operation in recent years, besting other airlines in on-time rate and dramatically reducing cancellations.

Among Delta's best performers are its old MD-88 jets, which have an average age older than 26 years. Over the past two summers, Delta MD-88s had a cancellation rate of only 0.6% and an on-time arrival rate of 82.8%, according to masFlight. MD-88s were among the worst performers at American. They were canceled at a rate four times higher than Delta—2.7% of trips—and arrived on time only 69.1% of flights. "Those aircraft consume a lot more of our effort. They require a lot of love," says Delta's David Garrison, senior vice president of engineering, quality, planning and logistics.

Delta's technical data team can not only predict which parts are liable to break, but also redesign some parts to make them more reliable and add monitors to track the health of parts on older jets. Suspect parts get replaced proactively ahead of manufacturers' recommended replacement schedules, dramatically cutting maintenance delays and cancellations.

In 2010, Delta had 5,600 flights canceled by maintenance problems. Last year breakdowns caused only 303 cancellations. So far this year, the airline has suffered only 70, says Don Mitacek, Delta's senior vice president for technical operations.

Delta also loads seven 40-foot trailers each summer and sends mechanics out with the equipment to small cities to create temporary maintenance bases for specific types of planes. Last summer they were positioned in Huntsville, Ala., Austin, Texas, Jacksonville, Fla., Pittsburgh and three other spoke cities to do preventive maintenance on planes parked overnight there.

"We didn't force airplanes to come see us. We went to where they were," Mr. Mitacek says.

▶ See how the 10 major U.S. airlines' fleets stack up at WSJ.com/Life.

One Airline, Different Results

Reliability, measured by on-time arrivals, varies among fleets. Here's how big planes performed for American Airlines, the largest U.S. carrier, in a recent study.

MODEL	ON-TIME ARRIVAL RATE
Airbus A320 family*	76.5%
Boeing 737	74.0%
Boeing 787	73.4%
Airbus A330	72.0%
Boeing 757	70.9%
Boeing 777	69.6%
McDonnell Douglas MD-88	69.1%
Boeing 767	65.3%

Note: *A320 includes A319 and A321 aircraft
Source: masFlight for June 1 to Aug. 31 in 2016 and 2017 combined

Five Factors To Consider When Flying

Regional jets have a record of delays and cancellations far worse than larger jets. When bad weather forces airlines to thin schedules at big hubs, the small jets are often the first to get purged from the schedule so airlines can keep the most customers moving.

Boeing 737s are at the top in reliability at most big airlines. The workhorse of the airline industry performs well.

Discount airlines often have a weaker reliability record with the same airplane than larger carriers. Fewer spare planes and busier schedules with little cushion are likely culprits.

Planes with fancy lie-flat seats tend to have more frequent delays and cancellations. The complicated seats have tons of moving parts that can fail and require lengthy repairs. Airlines prefer to delay trips rather than leave a top-dollar customer behind or in a broken seat.

Older jets generally have worse reliability records than younger jets—except at Delta. Delta flies lots of older jets and has developed proprietary maintenance practices and technology to keep them reliable.

FITNESS

TRAUMA DOCTORS RAISE CONCERNS ABOUT BIKING

STEPHEN J. BOITANO/GETTY IMAGES

Cyclists take to the road in New York City's Central Park. A nearby trauma center has seen bike-related injuries rise.

BY LUCETTE LAGNADO

AS BIKE-SHARE PROGRAMS get new riders on the road and into better shape, some doctors say they are treating far more injuries, including traumatic ones, related to cycling. Cities need to do more to make cyclists and pedestrians safe, the doctors say.

In a paper issued last summer, the Governors Highway Safety Association said bike-related deaths on U.S. streets and highways rose 12.2% in 2015 from the previous year, based on data from the National Highway Traffic Safety Administration. Bike fatalities rose by 1.3% in 2016.

Two studies led by researchers at the University of California San Francisco, including one published in JAMA in 2015, analyzed more than 15 years of national data from 100 emergency rooms and found that bike-related traumatic injuries increased by 28% over the period.

Hospital admissions due to bike traumas rose by 120%, "which means the injuries are more severe," says Benjamin Breyer, the lead author and an associate professor of urology and epidemiology and biostatistics at UC San Francisco. Many of the serious injuries were suffered by bikers age 45 and older, who are more vulnerable than younger cyclists, Dr. Breyer says.

Mount Sinai St. Luke's Trauma Center, which is a few blocks from New York City's Central Park, has seen an increase in bike-trauma victims, many injured in the park. The severity of their injuries—including shattered bones, facial trauma and damaged organs—prompted Stephen Zink, a St. Luke's radiologist, to analyze them. Working with the trauma team, Dr. Zink, an assistant professor of radiology at Icahn School of Medicine at Mount Sinai, found that in the three years from 2014 through 2016, bike-related traumas treated at St. Luke's increased by 34.5%. He will present the research at the Radiological Society of North America's annual meeting in November. The study also found that the injury-severity score, which indicates overall serious-

Please see BIKES page A14

ENTERTAINMENT

This Is Clubbing in Your 40s

BY ALINA DIZIK

FROM TOP: BRITTANY SOWACKE FOR THE WALL STREET JOURNAL; ETHAN COVEY

Above, clubgoers at Chicago's Disco. Below, the bottle service at Blue Light in New York City.

WHEN ANNABEL SAMIMY, 47, agreed to visit a dance club with friends she wasn't sure she could keep up with the 20-somethings. Luckily, she didn't have to.

Retroclubnyc's throwback theme—Long Island Iced Teas and Sloe Gin Fizzes are on offer, along with '70s and '80s hits—attracts the 45-and-over set. Ms. Samimy and her husband, who have three school-age children, got home well past their self-imposed midnight curfew. "You don't go to clubs after you have kids, but then they get a little older and you want to reclaim your social life," says Ms. Samimy, a New York-based stock analyst who visited the club in the city's Chelsea neighborhood, which is also a popular spot for bachelorette parties.

Amid slowing growth in the $24 billion industry, club owners are looking to capture 45- to 54-year-olds, who spend more on entertainment than other age groups and make up the biggest share of nightlife consumers at bars, lounges, nightclubs and other venues with limited food services, according to IBISWorld. They are shifting to smaller lounge-like dance spaces, offering bottle service with unique cocktail mixers, and recruiting DJs to play disco. Some clubs open earlier for post-dinner patrons who are eager to dance but are "not closing places down anymore," says Paul Seres, vice president at the New York Hospitality Alliance, a trade group.

One strategy is attracting older customers with dinner and keeping them in the venue throughout the evening, says Noah Tepperberg, partner at Tao Group, a hospitality company. Last year, the restaurant group opened Vandal, a pricey dinner spot with a basement lounge on New York's Lower East Side. "We've built the lounges almost like small clubs," says Mr. Tepperberg, whose large clubs including Lavo and Marquee attract a younger clientele.

Instead of working with promoters or distributing fliers, Mr. Tepperberg offers complimentary dinner (a $45 prime skirt steak, for example) and drinks to older influencers in exchange for social-media posts. Instead of electronic dance music, the lower-level lounge features DJs playing popular tunes to draw in an older clientele.

Some longtime clubs are scrapping large dance floors and creating space to dance between booths, says Stephane Dupoux, a Miami-based hospitality designer who's redesigning Cielo, a 14-year-old late-night dance spot in New York's Meatpacking district that once drew a younger clientele. "Older patrons prefer to hang out and have nice bottle of champagne, but could stand up and dance," he says.

Other restaurants are being retrofitted with a nightclub feel, says Sean Finter, chief executive at Barmetrix, a nightlife consulting firm that has seen an uptick in such projects over the last five years. Older patrons are more likely to stay and drink after dinner, he adds. The goal is to keep them at the venue; dancing "loosens people up" and helps drive sales of alcohol and water, he adds.

At New York-based Blue Light, a weekends-only speakeasy above the more casual The Lately, a high-end bottle service, priced at $250 to $1,000, aims to appeal to those who don't want to get "sloppy drunk," says partner Gavin Moseley. Hard alcohol is offered in crystal decanters, along with fresh squeezed juices, and cordials in flavors such as watermelon Thai basil, and. served at reservation-only booths. Guests can select vinyl records for DJs to play and dance near their table, and a doorman keeps the crowd down. "We don't pile them in like sardines," he says.

Owners of Chicago's Celeste restaurant and lounge in 2016 turned a third-floor events space into Disco, a '70s-theme nightclub space, says partner Nader Hindo. The hope was to attract 40- or 50-something clientele who didn't feel comfortable dancing at nearby nightclubs where patrons were younger. Floors light up in fluorescent colors and the club had a guest DJ from New York's legendary Studio 54 earlier this year. "For the older crowd, it's very nostalgic," he says.

Chicago photographer Jeff Sciortino, 48, heads to Disco after having dinner in the neighborhood. The atmosphere is akin to a house party and he often sees regulars, he says. "People aren't stumbling," he says. "It's a little more reserved—but in a good way."

FROM TOP: PETER FOLEY FOR THE WALL STREET JOURNAL; MARGOT CRONIN-FURMAN/BETH ISRAEL DEACONESS MEDICAL CENTER

Radiologist Stephen Zink, seated, and radiology resident Kishore Chundru at Mount Sinai St. Luke's in New York.

BIKES

Continued from page A13

ness, rose from 4.03 in 2014 to 4.47 in 2016.

Dr. Zink, who is 43 years old, has a mountain bike and a road bike and used to ride to work from his home in Manhattan. He hasn't in many months, he says, because of the crashes his trauma center treats. He is especially moved by those involving tourists and others who rent bikes to explore New York and end up with life-altering injuries.

The St. Luke's trauma team attributes the surge in serious injuries at their hospital and elsewhere in part to the popularity of biking and bike-sharing programs in New York, Boston, Chicago, Washington and other cities. Among their concerns: many bike-rental operations don't provide helmets.

Some supporters of urban cycling reject or question the value of helmets as a protective measure. Others say that while helmets make sense to guard against head injuries, to mandate them through policy or laws would depress ridership and bike-share participation. That decrease, they say, would work against public safety.

Citi Bike, the bicycle-sharing program in New York, offers discounts to buy helmets and urges bike-share participants to use helmets but doesn't rent them.

Motivate, the company that operates Citi Bike as well as bike shares in cities across America, said in a statement that "bike share has proven itself to be extremely safe," citing more than 88 million rides to date, including more than 70,000 rides a day in New York City. Motivate's statement echoed the position of many bike-riding advocates that the way to "make bicycling even safer is to encourage ridership" and that "as drivers adapt to more cyclists, the streets become safer for everyone."

"We need to build better bike lanes and more bike lanes," says Kate Fillin-Yeh, strategy director for the National Association of City Transportation Officials, a coalition of city transportation agencies. "These lanes work—the increase in riders makes it safer," says Ms. Fillin-Yeh, who as a New York City official helped bring bike-sharing to the city.

NACTO doesn't back making helmets mandatory, including by bike-share programs. A report by the group said that "mandatory adult helmet laws reduce bike ridership and don't increase safety." To Ms. Fillin-Yeh, helmets are "a matter of personal choice. As a matter of policy affecting an entire region" mandatory helmet laws "dramatically decrease the number of people who ride."

Cycling in general is "safe and healthy," UC San Francisco's Dr. Breyer says, but given "that in absolute numbers, you have so many injuries, wouldn't you want to make things safer?"

The rate of injuries and fatalities—especially given the huge increase in ridership—is down, cycling advocates say. In New York City, for example, bike ridership rose 150% between 2006 and 2016, according to city transportation officials.

Officials at New York City's Department of Transportation say the city has made enormous investments in establishing bike lanes and other infrastructure to make cycling safe. The officials said they believe in helmets' protective value and have encouraged their use and distributed more than 190,000 free helmets. Juan Martinez, director of traffic-operations policy said of New York: "We are remaking our streets at a tempo that makes us the envy of every city" in the U.S. and "as a result we are safer."

Mr. Martinez said he and his DOT colleagues support the doctors' desire to create a safer environment for cyclists and pedestrians. The DOT's injury data is collected by the New York City Police Department, Mr. Martinez said, and then refined by state transportation authorities. Serious injuries in bike-share zones fell 17% in 2014, the most recent year of DOT injury data, the agency said. The decline in serious injuries followed the launch of the Citi Bike program, officials noted.

Dr. Charles Cook helped organize a Bike Safety Day last year at Beth Israel Deaconess Medical Center in Boston.

Doctors in several cities where cycling has taken off express concerns similar to those of the St. Luke's trauma team: That biking has expanded too rapidly for cities to put in place the infrastructure and regulations to prevent serious injuries.

Three years ago, when Charles Cook moved to Boston from Ohio to become chief of trauma and emergency surgery at Beth Israel Deaconess Medical Center, he was taken aback by the number of bike crashes.

While the proportion of bike-related traumatic injuries was stable over the past three to four years, when he examined his trauma center's data of the past decade, he found these injuries as a proportion of overall traumatic injuries quadrupled, from 1% to 4.4% in 2015. Dr. Cook bikes to work from a Boston suburb, he says, enlisting a helmet, flashing lights and "obnoxiously" bright clothing to stay safe.

At Northwestern Memorial Hospital in Chicago, a review of four years of bike-related traumatic injuries, from 2012 to 2016, found a "steady increase in bike-related traumas" amounting to a 52.8% rise. There were 53 such injuries in a one-year period from October 2012 to September 2013, and 81 injuries from October 2015 to September 2016, a hospital spokeswoman said. They continue to climb, with some crashes happening on a path along Lake Michigan near the hospital. Chicago has been working to separate cyclists and pedestrians on the path.

Wearing a helmet "is a no-brainer," says David Milzman, an emergency physician at MedStar Washington Hospital Center in Washington. Dr. Milzman, a professor of emergency medicine at Georgetown University School of Medicine, said that bike-related emergency-room visits have soared in seven Medstar hospitals between Washington and Baltimore, Md. The hospitals saw 375 bike-related injuries in 2016 compared with 217 in 2012, he says, or a 72.8% increase.

New York resident Nicolas Guelpa never wore a helmet when he commuted by bike from his home in Harlem to his job downtown. In May, Mr. Guelpa, a 32-year-old French native, was riding home on a path along the Hudson River when he encountered some runners. He isn't sure what happened but he landed on the ground and was taken by ambulance to St. Luke's Trauma Center, where the team found he had a serious brain injury. He has generally recovered—and says he won't bike without a helmet again.

CHICAGO ARCHITECTURE BIENNIAL

Installation view of Archi-Union's robot-fabricated projects at the Biennial.

ARCHITECTURE REVIEW

Looking Back to Move Forward

At the Chicago Architecture Biennial, designers draw inspiration for the future from the past

BY JULIE V. IOVINE

Chicago

THE SECOND Chicago Architecture Biennial, as with many art and design expos, talks first and foremost to insiders in a coded language significant to professionals and devotees. Here, for instance, a roomful of models rethinking iconic interiors outline the campus footprint of the Illinois Institute of Technology, planned in 1947 by Mies van der Rohe, an admired site but no Acropolis. It's a mystery no visitor needs to unravel.

Still, there are enough intriguing projects and unfamiliar promising talents (many from abroad) to furnish an engaging glimpse into what's galvanizing architects today. Under the curatorial direction of Los Angeles-based architects Sharon Johnston and Mark Lee, the biennial is a citywide exhibition, mostly at the Chicago Cultural Center but also involving numerous other institutions, from the Garfield Park Conservatory to the DuSable Museum of African American History.

Luckily, the biennial's theme, Make New History, doesn't get much in the way of the impulse of the over 140 participating architects and artists to explore their own obsessions. In a notable departure from postmodernism that sacked history for inspiration, this generation looks to 20th-century ruins as a way to think afresh about architecture.

Slovenian architects SADAR + VUGA with Swiss firm HHF Architects consider a memorial in Ljubljana to the socialist revolution, partially built in the 1970s and then abandoned. In 2016, the architects won a competition to resurrect the curvy Brutalist behemoth as a cultural venue. Their plan mixes new spaces with old rooms still open to the elements, walls covered in graffiti, carpetings of moss, and towering sheets of broken blue glass that in concert contribute to the building's cathedral-like majesty, pay tribute to the original architect and make the most of irreparable damage.

T+E+A+M of Ann Arbor, Mich., reflects on some of the same ideas in a project dealing with abandoned big-box stores. Its Ghostbox looks at rubble and industrial detritus as construction materials with rich potential. The table-tennis-size model features a mossy grotto of gravel rising from the parking lot of a ruined big-box store where disassembled off-the-rack parts have been rejiggered into an almost romantic landscape.

Even more compelling is an installation at the Graham Foundation for Advanced Studies in the Fine Arts, by Philadelphia-based, Montreal-born artist David Hartt. The centerpiece is a video of Habitat Puerto Rico, designed by Moshe Safdie in 1968, one year after his celebrated Habitat 67 opened in Montreal. Habitat Puerto Rico was never finished and Mr. Hartt has filmed where the jungle has overwhelmed and absorbed broken bits of the abandoned concrete housing units with their distinctive egg-carton geometries. Thronging with organic life, this post-human realm doesn't look apocalyptic. Rather, it sets up an intriguing contrast between clumsy human-made shapes and the structural sophistication of a spider web or a tangle of vines.

Another interesting thread in the show is how advanced technologies can help architects reconnect with ancient techniques. Three projects by Shanghai-based Archi-Union are showstoppers. Each one uses traditional Chinese materials—brick, wood, ceramic—but was assembled using the latest in digital programming and robotic fabrication. Two rooms in a rural cultural building in Sichuan are joined by a roof that coils hypnotically in a figure-eight of digitally placed red tiles. The brick façade of a collaborative gallery in Shanghai undulates with the suppleness of dimpled skin.

Similarly, at a collective artists' residence in Senegal, Toshiko Mori—a New York architect and professor at the Harvard University Graduate School of Design—gives modern parametric curves to a roof made of thatch. Ms. Mori notes in the exhibition catalog that "the primitive is in fact full of sophisticated wisdom" that needs to be considered "when architecture starts to invade societies without architects."

While the biennial gives pride of place in one of the largest galleries at the cultural center to a conceptual parlor trick—towering skyscraper models that reimagine a famed 1922 Chicago Tribune Tower competition while also playing off a 1980 rethink—persevering visitors will find more compelling projects tucked away throughout the biennial.

Too easy to miss is the extraordinary documentation of churches built secretly by rural communities in Poland between 1945 and 1989 in defiance of the Communist regime. A team of Polish architects used crowd-sourcing to track down and chronicle, through photographs, interviews and archival records, the stories behind a handful of some 3,000 Catholic churches built in that period. It's a tale of architects and engineers working secretly at night, villages building their own factories to make bricks, and "the unlimited creative freedom" exercised by determined communities. The churches are stunningly bizarre and beautiful.

Biennials at their best test and explore a jumble of ideas, often the more ungoverned by a curatorial framework the better. This year's Chicago Architecture Biennial can be enervating to the uninitiated, but with some diligent probing it offers unexpected delights both marvelous and inspiring.

Chicago Architecture Biennial
Various locations, through Jan. 7, 2018

Ms. Iovine reviews architecture for the Journal.

ANTIQUITIES

LOOTED ANCIENT STATUE HEADS BACK TO LEBANON

BY GEORGI KANTCHEV

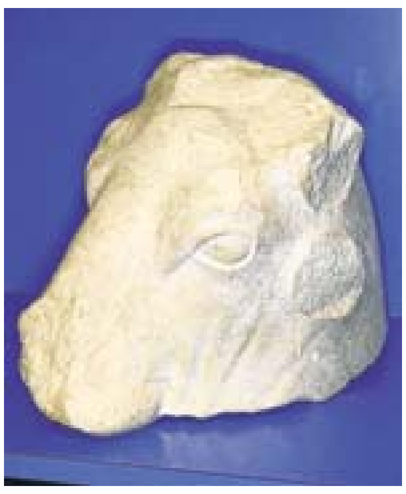
A 2,400-YEAR-OLD STATUE of a bull's head, which was plundered in Lebanon, crisscrossed three continents and ended up at the Metropolitan Museum of Art, is heading home following a legal battle over its ownership.

This week, the New York State Supreme Court authorized the repatriation of the artifact after Colorado-based collectors Lynda and William Beierwaltes withdrew their claim to it, according to court documents.

The Beierwalteses had sued Manhattan prosecutors and Lebanese officials, claiming to have clear title of the object and disputing that it was stolen as described by the prosecutors and Lebanese government.

"After having been presented with incontrovertible evidence that the Bull's Head was stolen from Lebanon, the Beierwaltes believed it was in everyone's best interest to withdraw their claim to the Bull's Head and allow its repatriation to Lebanon," said Georges G. Lederman, a lawyer for the couple.

The Wall Street Journal reported last month on the journey of the 13-inch Greek piece, which was plundered in Lebanon and later imported into the U.S. as part of what the office of Manhattan's district attorney called "an international criminal conspiracy." It passed through the hands of famed art dealers, a Paris exhibition, a New York hedge-fund manager, before eventually landing at the Met. In July, Manhattan prosecutors seized the head from the museum.



The bull's head, looted in the Lebanese civil war in 1981, is headed home.

On Tuesday, the district attorney's office said in a court filing that the couple agreed the bull's head constitutes stolen property owned by Lebanon. The couple also dropped its lawsuit, the prosecutor's office said.

"The return of this stolen piece to the Republic of Lebanon is precisely the right outcome," said Ken Weine, chief communications officer at the Met. Lebanese officials didn't return requests for comment.

The two-millennia-old antique was stolen from a Lebanese facility in 1981 by an armed militia during the country's civil war. It disappeared for the next 15 years, resurfacing in New York, according to an application filed last month by prosecutors to the New York State Supreme Court. That filing was to authorize the transfer of the bull's head to the Lebanese government.

The Beierwalteses bought the object from an antiquities dealer in 1996 for $1.2 million and displayed it in their home in Loveland, Colo. In 2010, the couple sold the bull's head to another collector, who loaned it to the Met. The Beierwalteses reacquired it in 2015 after the museum raised doubts about the object's provenance.

SPORTS

COLLEGE BASKETBALL

NCAA SEEKS REVAMP TO SYSTEM

BY ANDREW BEATON

IN RESPONSE to a federal probe alleging widespread corruption in college basketball, NCAA president Mark Emmert said Wednesday he has formed a commission to consider "substantive changes" to the way the sport operates.

Among the areas the commission will explore are the sport's relationship with apparel companies and the so-called "one and done" rule in which players can leave for the pros after a single year of college.

This announcement comes more than two weeks after federal prosecutors outlined bribery, kickback and other allegations involving some of the most prominent college basketball programs in the country, Adidas executives and others. Ten people were arrested, and several of those individuals appeared in a New York court for the first time Tuesday.

The announcement of the commission is the NCAA's first significant response to a scandal it didn't see coming. The day the charges were unsealed, the acting U.S. attorney in Manhattan said the NCAA wasn't aware of the investigation until it was announced.

Now the NCAA's committee, chaired by former Secretary of State Condoleezza Rice, will study the fundamentals of the basketball operation under which the alleged widespread corruption took place.

"We must take decisive action. This is not a time for half-measures or incremental change," Emmert said in a statement.

The committee will examine the areas that led to the misdeeds alleged in the criminal charges. That includes the roles for apparel companies, prep teams, agents and financial advisers within the game. Some advisers and coaches have allegedly profited through schemes to funnel players to specific colleges, while prep teams and apparel companies have gained outsize influence over the careers of promising young players, who don't get paid under existing NCAA rules. In announcing the commission, Emmert said it would begin work in November and deliver its recommendations in April.

MADDIE MEYER/GETTY IMAGES

WORLD CUP QUALIFICATION

U.S. Men's Soccer: What Happened?

BY MATTHEW FUTTERMAN AND JOSHUA ROBINSON

AND NOW COMES the reckoning for U.S. men's soccer.

A day after a decade's worth of mistakes came home to roost, the U.S. federation now needs to clean up a program that for too long clung to aging talent and false hopes.

Or at least that's what is supposed to happen after the debacle of Tuesday night, when in the space of 90 minutes, on a soggy field in a sleepy stadium in Trinidad, the Americans lost to a last-place team with nothing to play for and were denied a spot in the 2018 World Cup.

Whether the U.S. has the resolve to confront its problems remains unclear. Tuesday's defeat illuminated all of the deeply entrenched issues that close-watchers of the team have long complained about.

There was the failure of player development that left the team relying on a core of 30-somethings left over from two World Cup cycles ago. There was the failure of imagination that caused the team to return, in the middle of qualifying, to a manager, Bruce Arena, it had fired a decade before.

And finally, there was the tactical naiveté that caused that manager to misjudge bottom-of-the-group Trinidad and Tobago and send Team USA out with an unsuitable plan and vulnerable in the most obvious places on the field.

"It was all there for us. We have nobody to blame but ourselves,' said captain Michael Bradley, who, at 30 years old, is unlikely to get another chance in the world's most popular sporting event.

In any other soccer country, the protocol now would be clear. The first order of business is firing the manager. The president of the federation occasionally resigns too, just as the Italian coach and federation president did in a wild press conference after the Azzurri's exit from the 2014 World Cup.

Then, the federation orders a review of its development practices from the ground up. England, for instance, likes to call this "root and branch reform." A parliamentary inquiry might even be in order.

It has yet to work for England, but versions of that thinking have paid off elsewhere. After the twin disasters of the 1998 World Cup (knocked out by Croatia) and Euro 2000 (eliminated in the group stage), Germany redrew its entire youth soccer structure, invested massively in facilities, and realized that a primary failure was in educating youth coaches. This wasn't a quick fix. But in 2014, with a generation of talent grown in the new model, it won the World Cup.

How U.S. Soccer got here is a long tale of a broken system.

Michael Bradley, left, and Christian Pulisic react after a loss against Trinidad and Tobago on Tuesday. Below, U.S. goalkeeper Tim Howard.


T-B: ASHLEY ALLEN/GETTY IMAGES; TFV MEDIA/ASSOCIATED PRESS

At the grass roots, good young players are treated vastly differently in this country than virtually anywhere else in the developed world.

Everywhere else, a young player with promise joins a local club and is trained and cultivated throughout childhood by the club itself. In the U.S. a good young player joins a travel team and his parents are told to foot the bill for coaching, travel, uniforms, equipment and any additional training.

The U.S. Soccer Federation invests millions of dollars each year to increase participation and train coaches, and Major League Soccer's franchises have in recent years begun to open youth academies. But those efforts are a pittance compared with what happens in so many countries, where local athletic clubs view raising the next generation of players as both a civic responsibility and an investment, because one of them just might turn out to be the next Lionel Messi.

The U.S. has failed to cultivate even a couple of true international stars over the years—something that should have happened given the size and wealth of the U.S. It's been 40 years since Pelé landed in New York and jump-started the soccer boom.

When Jurgen Klinsmann took over the U.S. team in 2011, his scouts began combing rosters, especially in Europe, for players who might be eligible for an American passport and a spot on the team.

Klinsmann urged every player to flee the U.S. and try to break into the top or even second-tier leagues in Europe, where the quality of play is far more challenging than in MLS. U.S. players, many of whom had spent their late teens and early 20s playing collegiate soccer, would only improve if they faced better competition, he preached.

Just as Klinsmann was pushing for U.S. players to fight for roster spots in Europe, MLS teams generated enough money to sign the top U.S. players to lucrative contracts, including Bradley, Clint Dempsey, Jozy Altidore, Alejandro Bedoya, Matt Besler and Jordan Morris.

Few of these players have improved since 2014. And they don't face the weekly challenges that Pulisic and striker Bobby Wood face in Germany, and defenders Geoff Cameron and DeAndre Yedlin confront in England.

After five years, Klinsmann's criticism of the U.S. players wore thin, and the bulk of the team began to tune him out, leading to a series of poor results that culminated in two losses to open the final qualifying tournament.

When Arena was brought back in November, he seemed like the perfect antidote—a prideful veteran of U.S. soccer, who believed strongly in the value of MLS, having won its championship five times. But Arena's conservative approach made the Americans vulnerable, especially on the road when Concacaf opponents felt emboldened to attack.

Now, there are no quick fixes, and the U.S. will likely spend the next year and a half completely turning over its roster. They have to hope their next generation continues to improve. Players like Emerson Hyndman, 21, of Bournemouth, Matt Miazga, 22, of Vitesse in the Netherlands (on loan from Chelsea) and Cameron Carter-Vickers, 19, of Sheffield (on loan from Tottenham).

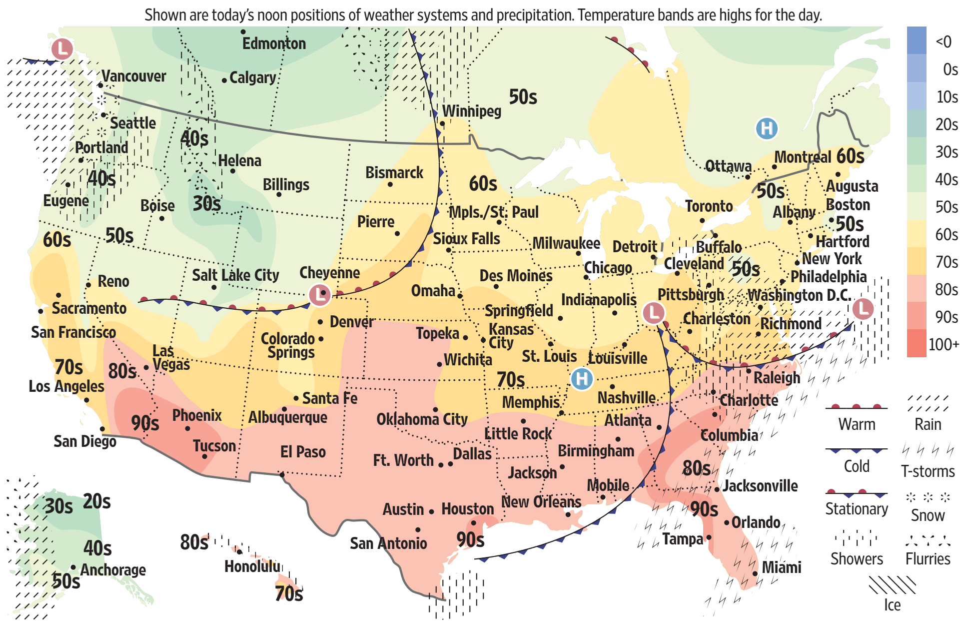
"It's not going away anytime soon," Bradley said of the disappointment of this year's failure. "It's not something you just forget."

◆ U.S. team's World Cup elimination deals setback to Fox.................... B2

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

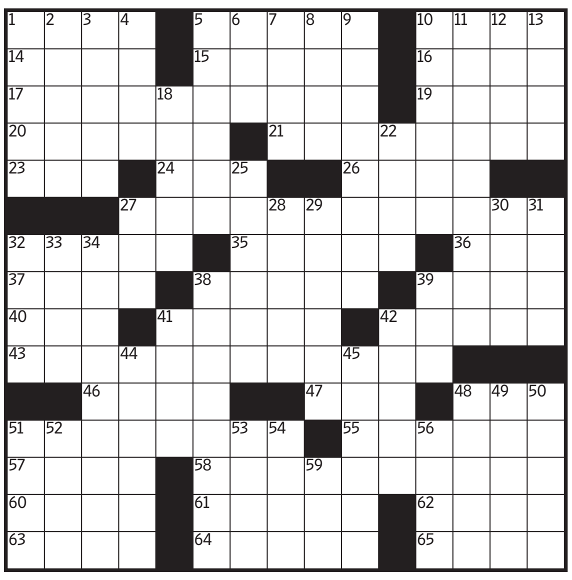
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Anchorage	47	42	r	49	37	c
Atlanta	85	64	pc	84	69	pc
Austin	86	67	pc	89	67	pc
Baltimore	67	55	sh	70	60	sh
Boise	54	39	s	53	30	c
Boston	59	49	s	63	56	s
Burlington	63	42	s	66	55	pc
Charlotte	84	67	c	78	63	r
Chicago	65	55	c	74	62	pc
Cleveland	73	59	c	76	59	pc
Dallas	87	68	s	93	70	s
Denver	74	40	s	63	38	s
Detroit	67	56	c	71	57	pc
Honolulu	87	75	r	87	76	t
Houston	90	68	pc	92	69	pc
Indianapolis	67	56	c	73	58	s
Kansas City	73	59	s	84	63	s
Las Vegas	84	57	s	83	57	s
Little Rock	80	58	s	87	62	s
Los Angeles	76	57	pc	80	56	s
Miami	87	78	t	87	80	sh
Milwaukee	63	56	c	72	58	pc
Minneapolis	65	51	pc	61	41	c
Nashville	73	53	pc	79	59	s
New Orleans	87	71	pc	88	73	s
New York City	65	54	pc	65	62	c
Oklahoma City	80	64	s	85	67	s
Omaha	71	51	s	66	51	c
Orlando	87	73	pc	86	74	sh
Philadelphia	67	57	sh	70	63	r
Phoenix	96	65	s	94	64	s
Pittsburgh	68	55	sh	73	58	pc
Portland, Maine	60	38	s	63	50	s
Portland, Ore.	55	44	r	58	38	sh
Sacramento	74	46	s	76	51	s
St. Louis	72	56	pc	81	65	s
Salt Lake City	58	39	s	61	39	s
San Francisco	69	51	s	70	52	s
Santa Fe	74	44	s	73	42	s
Seattle	54	44	sh	55	39	sh
Sioux Falls	68	45	s	62	40	c
Wash., D.C.	69	60	sh	70	65	sh

International

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Amsterdam	60	52	pc	65	55	pc
Athens	76	60	s	78	60	s
Baghdad	93	65	s	93	66	s
Bangkok	87	76	t	87	77	t
Beijing	58	41	sh	64	45	s
Berlin	61	47	pc	59	53	pc
Brussels	61	50	pc	67	55	pc
Buenos Aires	63	49	sh	61	43	pc
Dubai	99	80	s	98	81	s
Dublin	61	56	pc	66	55	sh
Edinburgh	58	52	pc	65	51	sh
Frankfurt	64	49	pc	65	49	pc
Geneva	70	47	s	69	49	pc
Havana	83	71	pc	85	71	pc
Hong Kong	93	74	pc	89	76	c
Istanbul	69	54	s	68	56	s
Jakarta	90	75	sh	92	77	c
Jerusalem	74	56	s	74	58	s
Johannesburg	77	48	s	75	50	s
London	62	55	pc	67	56	pc
Madrid	84	54	s	84	55	s
Manila	85	79	t	85	79	t
Melbourne	64	50	pc	64	49	pc
Mexico City	69	55	pc	72	52	pc
Milan	73	51	s	73	52	s
Moscow	49	42	r	50	42	r
Mumbai	89	79	t	89	80	t
Paris	67	52	pc	70	51	pc
Rio de Janeiro	91	69	s	87	72	s
Riyadh	97	66	s	98	69	s
Rome	73	53	s	73	54	s
San Juan	91	76	sh	87	78	pc
Seoul	57	47	c	66	52	s
Shanghai	68	62	c	68	65	c
Singapore	88	76	t	88	79	c
Sydney	81	58	s	75	63	pc
Taipei	87	78	c	83	79	sh
Tokyo	80	63	pc	65	60	r
Toronto	62	55	c	68	55	pc
Vancouver	50	41	r	53	41	pc
Warsaw	62	46	pc	55	45	pc
Zurich	67	42	pc	67	43	pc

The WSJ Daily Crossword | Edited by Mike Shenk



CONFUSION | By Ethan Erickson

Across

1 It may be held by a clip
5 Digitizes, in a way
10 Ballpark souvenirs
14 Depiction on the reverse of the Canadian dollar
15 Plant pollinated by a moth
16 "No offensive player may trip an opponent," e.g.
17 Mastery required when training peregrines?
19 Something that comes to a head
20 Behind, so to speak
21 Language closely related to Finnish
23 Twisty path
24 Barrel wood
26 He stabs Roderigo
27 Result of throwing a dictionary into a wood chipper?
32 Phoenix surroundings?
35 Broods
36 Radius setting
37 Meathead
38 Meatheads
39 Singly
40 Staff
41 Attendant spirits
42 Sounds from a flock
43 Using a semicolon for a wink, say?
46 Bug
47 Boxer Bartolo
48 Test setting
51 First practical electric lights
55 One way to be awakened
57 Spoils
58 Target of many an Oscar Mayer ad?
60 Statistician's calculation
61 Weaken over time
62 Hours ere noon
63 Programming chart, informally
64 Was worthy of
65 Hand outlay

Down

1 1966 film nominated for the Best Picture Oscar
2 Haunted house sounds
3 Die-casting needs
4 At some early date
5 Linguist's topic
6 Share of the profits
7 Measure for a lot
8 Lt.'s subordinates
9 Premium product
10 Display discomfiture
11 Cassette contents
12 Urgent request
13 Spicer portrayed by Melissa McCarthy on "SNL"
18 Some winds
22 Palookas
25 Garment whose name means "wear-thing"
27 Was winning
28 Firth of "The King's Speech"
29 Public perception of an event, politically
30 Security program in a 1982 movie
31 Sitter's handfuls
32 Top
33 Close dramatically
34 Military academy cornerstone
38 Last page, sometimes
39 Qty.
41 River through Painted Rock Reservoir
42 High grade
44 Pitched
45 Was worthy of
48 Seafood platter wedge
49 Well-caffeinated, perhaps
50 David of Talking Heads
51 Some charity
52 It starts in the corner
53 Legal opener
54 50-Down, by birth
56 Russia's equivalent of our House
59 Lyrical lines

Previous Puzzle's Solution

▶ Solve this puzzle online and discuss it at WSJ.com/Puzzles.

OPINION

The Free-Speech Wars

WONDER LAND
By Daniel Henninger

At the risk of stirring the fury of the Trumpians, let it be said that no one has mistaken Donald Trump for James Madison. But stay tuned.

America's fourth president was among the originators of the nation's constitutionally protected right of free speech. President Trump will be remembered as one of the country's foremost practitioners of that right. Less appreciated is that the Trump administration may go down as a significant defender of the First Amendment when it most needed defending.

Attorney General Jeff Sessions recently announced in a speech at the Georgetown University Law School that the Justice Department will start intervening on the side of plaintiffs in campus free-speech cases.

The department has filed its first "statement of interest," essentially an amicus brief, in a free-speech lawsuit brought against Georgia Gwinnett College, which has created free-speech zones, or "public forum areas," requiring a college-approved reservation.

Two things about Mr. Sessions' speech expose realities about the age of Trump.

The first we will call the Sessions survival model. Mr. Sessions became one of the president's favorite verbal speed bags when he recused himself from the Russian collusion investigation. But the president hasn't actually done anything to stop the attorney general from proceeding with his agenda, such as this important defense of free speech. Thinner-skinned senators might note the Sessions model: Stay on target.

A second lesson is that not even worthy acts by this administration will go unchallenged. When Mr. Sessions arrived at Georgetown to give his talk on free speech, he was greeted by a crowd of kneeling protesters, including about 40 law faculty, many with black tape across their mouths.

After years of campus speech-suppression incidents, not least Berkeley's recent $800,000 outlay to protect a campus event, some universities are admitting they have a big problem. Their problem includes pushback from state legislatures and now a Justice Department that doesn't have an implicit bias in favor of the speech suppressors.

Some also no doubt noticed a Trump tweet in February: "If UC Berkeley does not allow free speech and practices violence on innocent people with a different point of view—NO FEDERAL FUNDS?"

A threat to their federal funding is the one reality university administrators recognize. That financial threat by the Obama administration explains the schools' universal adoption of Title IX sexual-abuse Star Chambers in 2011.

It would be nice to think the universities could reaffirm the First Amendment for reasons other than their federal-funding dependency. That may not happen, though, for one reason: Donald Trump.

That's clear from an article in academia's trade publication, the Chronicle of Higher Education, which explored the reaction to the Sessions speech at Georgetown.

> No one would mistake Donald Trump for James Madison, but stay tuned.

Some said Mr. Sessions' speech concerns are legitimate. There is a much talk, though, about "reframing" the "free-speech narrative," as in this from Williams College President Adam Falk: "This framing of the problem as free speech—I don't think that's the issue. . . . It's the quality of campus discourse. Once you make this about free speech, you've actually given up the narrative from the very beginning."

When academics, and the media, start talking about "narratives" and "frames" and "discourse," you know you've slipped into the postmodernist swamp of intellectual shape-shifting.

Let me reframe this for readers who haven't spent time in academia: The universities know Jeff Sessions is right, but they really don't want to give him, or any conservative, the satisfaction of being right about, I guess, the Bill of Rights.

The only narrative in the Supreme Court's First Amendment jurisprudence is that protections for speech are broad and indivisible, including protections for neo-Nazi marchers on the far right and flag-burners on the loony left.

Some professors, recognizing that the suppression of unpopular speech is a fundamental threat to their freedom of inquiry, are proposing remedial classes for students in the history of free expression. Some are calling themselves "free-speech warriors," admitting it's an uphill battle.

That's laudable, but may be beside the point, not to mention what it says about the "reframing" of U.S. history in secondary education.

A recent Brookings survey of current college students found only 39% think "hate speech" is constitutionally protected. What's to be shocked about anymore?

These students think, or have been taught to think, that free speech is just a dog whistle for the alt-right. They think suppression of what they identify as hate speech—by now meaning anything they don't want to hear—is a more compelling legal right. They reject fogy founder James Madison's belief that free speech is "the only effectual guardian of every other right."

Good luck with the remedial ed. Better luck to the Justice Department's interventions on behalf of the radical thought that began in 1789.

Write henninger@wsj.com.

Trump, Corker and the Circular Firing Squad

By Karl Rove

The feud started a week ago Wednesday, when Sen. Bob Corker (R., Tenn.) told a reporter that Secretary of State Rex Tillerson, Defense Secretary Jim Mattis and White House Chief of Staff John Kelly are "people that help separate our country from chaos."

What good did *that* do?

The Tennessee senator was correct when he added that these men "work very well together to make sure the policies we put forth around the world are sound and coherent." But his first remark made them look bigger and saner than Donald Trump. The president hates that: Advisers who are portrayed that way tend to lose influence and, sometimes, their jobs.

Mr. Trump responded, unsurprisingly, with a Twitter assault. "Bob Corker 'begged' me to endorse him for re-election," the president wrote. "I said 'NO' and he dropped out." Mr. Trump also said he expected Mr. Corker to "stand in the way of our great agenda," and that the senator "didn't have the guts to run!"

What good came from *this?*

Mr. Corker announced last month that he would retire next year, honoring his 2006 pledge to serve only two terms. Freed from electoral worries, he expressed concern that tax reform might add to the deficit. Why then did Mr. Trump, who wants to hold together the GOP's slim Senate majority to pass tax reform, risk alienating Mr. Corker further?

The senator's staff corrected the record, explaining the true reason for his retirement. But Mr. Corker responded with a tweet of his own: "It's a shame the White House has become an adult day care center. Someone obviously missed their shift this morning." How constructive. Now every disagreement Mr. Corker has with the administration will be chalked up to personal animus. Mr. Trump repaid him with a tweet mocking the senator's stature by calling him "liddle."

> Why is the president mocking a senator whose help he needs to pass tax reform?

Perhaps the president no longer expects his legislative agenda to pass and hopes his blitz on Mr. Corker will further position Congress as the scapegoat. If that's Mr. Trump's thinking, he should think again. It makes him look ineffective and weak and may allow Democrats to take the House or Senate for the final two years of his term.

If Mr. Trump thinks life in the Oval Office is unpleasant now, he should ponder the investigations and obstructionism the Democrats will launch if they take the majority in either chamber, with a presidential election looming in 2020.

As if all this weren't bad enough, a week ago Tuesday the vice president's chief of staff, Nick Ayers, floated a Republican "purge" at a closed-door meeting with donors. Mr. Ayers, an able and generally affable Georgian, was right to warn that the GOP is "on track to get shellacked" in 2018 unless Republicans pass tax reform and other major legislation. But then he suggested donors could help purge Republicans who insufficiently support Mr. Trump: "If we're going to be in the minority again, we might as well have a minority who are with us." Good grief.

I understand the frustration. I spent an inordinate amount of my nearly seven years in the White House trying to corral Republican votes for a Republican president's agenda. When congressional allies defect from the administration's program, it can be maddening. But senators and representatives are elected by the people and feel obligated to follow not just their own beliefs but the wishes of their constituents. Sometimes that puts them at odds with the White House.

In the 2000 campaign, George W. Bush offered detailed plans for reforming education and adding a prescription-drug benefit to Medicare. The first idea became No Child Left Behind, which passed the House in December 2001, 381-41, with 33 Republicans voting "nay." The second proposal, Medicare Part D, was approved by the House in November 2003, 220-215, with 25 Republicans against.

A handful of Republicans opposed both bills, among them Rep. Mike Pence of Indiana. But the Bush White House never considered a "purge" of Mr. Pence or other wayward allies. We knew we'd always need their support on something else—terrorism, tax cuts, social issues. Better to persuade than threaten, to keep the door open and sustain a fractious majority than to push Congress into the hands of an energized "resistance."

Steve Bannon's alt-right faction loves this high-profile Republican-on-Republican conflict for the same reason Democrats do: It disrupts the GOP. Before angrily tweeting at each other, officials at both ends of Pennsylvania Avenue should think of Sen. Chuck Grassley's reaction to this mess—"Cool it!"—and ask "What good will this do?"

Mr. Rove helped organize the political-action committee American Crossroads and is the author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

Black Americans Need Bourgeois Norms

By Robert L. Woodson

This summer, law professors Amy Wax and Larry Alexander caused a stir with an op-ed lamenting the decline of what they called "bourgeois norms." "All cultures are not equal," they rightly observed. Those that encourage self-restraint, delayed gratification, marriage and a strong work ethic tend to thrive. Those that tolerate or excuse substance abuse, out-of-wedlock pregnancy and dropping out tend to break down.

Ms. Wax and Mr. Alexander were instantly accused of racism by the growing army of angry academics who police the prevailing narrative of black victimhood. According to this narrative, black progress is determined not by personal choices and individual behavior, but by white supremacy, America's history of slavery and discrimination, and institutional racism. Touting "bourgeois values" is interpreted as an offense against authentic black culture.

The assumptions underlying this narrative bring to mind Frederick Douglass's description of slaveholding whites, some of whom gave their slaves time off between Christmas and New Year's Day—and enough alcohol to keep them drunk the whole time.

> Frederick Douglass would have agreed with Amy Wax.

"Many of us were led to think that there was little to choose between liberty and slavery," Douglass wrote. "We had almost as well be slaves to man as to rum." When the holidays ended, the hung over slaves happily returned to the fields, desperate to get away "from what our master had deceived us into a belief was freedom."

According to Douglass, some slaves chose not to spend their holidays drunk, but to engage instead in constructive activities like visiting family, hiring themselves out, or engaging in recreation. Even under slavery, the differences in culture and behavior celebrated by Ms. Wax and Mr. Alexander had potency for blacks. Nothing was more of a threat to the whole rotten institution than a self-disciplined slave who walked with dignity in the face of mistreatment.

A better life has always been available to those who reject undisciplined and irresponsible behavior, and embrace self-determination and personal responsibility. So-called bourgeois values have always empowered blacks to persevere and overcome bitter oppression. They provided the moral "glue" that held the black community together during the hardest of times.

The life-affirming values that enabled Douglass and others to survive retain their potency in the 21st century. Hundreds of examples of achievement against the odds prove this point. In cities around the country, activists like Bertha Gilkey have ousted drug dealers from public housing projects, transformed their communities, and sent hundreds of young people to college. Neighborhood moral mentors and character coaches from Washington, D.C., to Milwaukee have changed the behavior, attitudes and life trajectories of once-violent gang members.

Today, the race grievance industry declares that what constitutes "normal" for blacks is different than what constitutes "normal" for whites. In the same way, 19th-century slaveholders assumed that idle drunkenness was the hallmark of authentic black culture.

Mr. Woodson is founder and president of the Woodson Center.

BOOKSHELF | By Felipe Fernández-Armesto

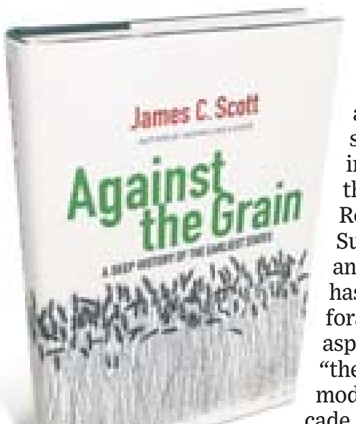
I'm From Pharaoh And Here to Help

Against the Grain

By James C. Scott
(Yale, 312 pages, $26)

'Always start by apologizing for your inadequacy," my old tutor used to say. "You will attract sympathy." James C. Scott may have had similar advice. He begins his book of "provocations" on the connections between agriculture and state-formation by admitting that the scholarship in lectures he previously presented on the subject at Yale was "woefully out of date." Stung into self-reform by a chastening visit to Harvard, Mr. Scott set about self-improvement, and "Against the Grain" displays a lively mind and impish spirit with occasional insights, challenges and teases. But can undergraduates attend future lectures in confidence?

The author knows of only one previous "sensitive exploration" of foragers' claims to moral and intellectual superiority over those who settled in cities. Maybe his standards of sensitivity are exceptionally high; maybe he has still not remedied his readings with the shelvesful that have accumulated from Rousseau (1754) to James Suzman (2017). "Sensitive" anthropological fieldwork has shown repeatedly that foragers do not necessarily aspire to what Mr. Scott calls "the sedentary 'givens' of modern life" since the first decade of the last century, when Franz Boas encouraged his students to try to adopt their subjects' points of view.



Although paraded with diablerie, as if the author expected to shock, the book echoes familiar disavowals of "civilized" prejudices. Agriculture undermined health, caused famines, and empowered tyranny, he writes; it is "hard to fathom" why people adopted it. Slaves and peasants fled from it. Mr. Scott's subsidiary arguments are: that swamplands suited early agriculture; that farming is a way of simplifying, or, as Mr. Scott says, "deskilling," the business of getting food; and that domestication—of fire, plants, animals, and subordinate people, especially slaves and women—constitutes a patriarchal project of "control over reproduction."

The author makes an original case that slavery was a major labor-source in early Sumer, but his other points have already jostled or joined orthodoxy. Sometimes he has a commendably cute way of expressing them. The Neolithic, he asserts, was "the most lethal period" ever, and the early state, far from helping humans survive, was a "threat to subsistence." One reason why rulers encouraged grain production, he suggests, is predictable revenue: "one-stop shopping on the part of the tax collector works best for determinate-ripening crops." He also explains why sedentism inaugurated a "golden age of the barbarians" by remarking that it suddenly was " 'better' to be a barbarian *because* there were states." I like the *méchant* claim that scholars lament vanished bureaucracies in grief for the documents lost to study.

> Agriculture flourished due to ancient rulers' greed: Knowing when farmers' crops were ripe provided 'one-stop shopping' for tax collectors.

Two main defects vitiate Mr. Scott's efforts. First, for a purported expert who claims to be "condensing the best knowledge," he does not know enough about his subject. Climate change confuses him. He assigns contradictory and inaccurate dates to the Mesolithic cooling phase known as the Younger Dryas. He calls *Homo sapiens* a subspecies. His chronology of Southeast Asian and state formation in the Americas omits almost all cases earlier than the eighth century. He seems unaware of how microbiological evolution changes plagues, or of cases of symbolic notation (like those on neolithic pots from Jiahu or Banpo in China) prior to Mesopotamian documents of the fourth millennium B.C. Mr. Scott thinks there were no opportunities for "crowding diseases" in the New World. And he misses two big reasons why early agriculture favored grains: bread and beer. And his insistence on grains as the sustenance for early states ignores a long Andean tradition at potato-growing altitudes.

The book's second fatal flaw is its misleading invocation of the "earliest" states. A commonsense distinction between states and chiefdoms is that ruling cadres of the former divide specialized functions of government among themselves, whereas chiefs are generalists who do everything. Yet Mr. Scott eschews definition and, instead, profiles cumulative characteristics of what he calls "stateness," excluding "tribes, chiefdoms, and bands" (which, astonishingly, he condemns in modern imperialists' terms as inhabiting "zones of no . . . or . . . nominal sovereignty.") The author asserts, repeatedly and trenchantly, that sedentism and agriculture are essential for statehood. If this were so, nomads and pastoralists, such as Manchu and Xiongnu, Comanche and Mapuche, could not possess states—but in the end Mr. Scott admits that they did. His focus is not really on the earliest states, but those that meet his highly selective and arbitrary criteria: "walls, tax collection, and officials." He excludes most appropriations by rulers from his understanding of tax. His goalposts shift from the "earliest" states to the state "in the strong sense of the term."

Mr. Scott devotes a chapter to his assumption that early agrarian states were short-lived. They were ecologically fragile, of course, and regimes came and went; an occasional hiatus might intervene. But political traditions that outlived the crisis of the Bronze Age endured for centuries more. If the magic from the film "The Mummy" worked, millennia-old revenants under the Ptolemies would find Egypt much changed but still recognizable as their own. A Chinese time-traveler from the Han dynasty might respond similarly under the Manchu. Maya royal rites of the sort painted on a third-century B.C. wall at San Bartolo were still enacted in the 10th century; in places, Maya kingship remained intact until the 17th. Modern politics, by comparison, is depressingly volatile. The United States is little more than two centuries old. How likely is it to outlast its early agrarian predecessors?

Mr. Fernández-Armesto, a professor at Notre Dame, is the author, most recently, of "A Foot in the River: Why Our Lives Change—and the Limits of Evolution."

OPINION

REVIEW & OUTLOOK

An Air-Traffic Winner

How to help the traveling public and the economy.

The House has been working for months behind the scenes on the most significant improvement to commercial air travel in decades: Converting Federal Aviation Administration (FAA) air-traffic control into an operation governed by pilots, airlines, controllers and other industry experts. This would be good news for the economy and the traveling public, if Republicans don't wig out.

House Transportation Chairman Bill Shuster's legislation would set up a nonprofit entity that manages air-traffic operations, while FAA continues regulating safety and certifying equipment. Instead of taxes, the services would be funded by user fees. This arrangement has allowed Canada to lower levies by about one-third and manage routes and landings more efficiently. Canada's air-traffic outfit even sells technology to other countries.

For years the Inspector General of the Transportation Department has been the official biographer of the FAA's failures in overhauling radar technology that dates to World War II. The tales include tech updates that are billions over budget and a decade late. One microcosm: An IG report from 2014 noted that FAA had implemented 51 initiatives to boost controller productivity, improve best practices and cut costs. Only two produced discernible savings. Six increased costs, and no one can be sure what the other 43 did.

A version of Mr. Shuster's plan stalled in the House last year amid objections from the general-aviation community, which is now trying to shoot down this year's draft. Yet the bill exempts hobbyists from paying user fees and explicitly bans the air-traffic operation from restricting air space. GA outfits have also pumped specious national-security concerns, even as Defense Secretary Jim Mattis has welcomed the spinoff.

One overwrought objection was that the bill would be a big business giveaway to major airlines, which would have had four representatives on the governing board. The revised bill grants airlines one seat and adds representation for cargo and regional airlines, as well as airports. Robert Poole, the intellectual force behind the idea who supported the first version, calls the new bill a "big improvement."

Another concern is that rural airports will be closed or harmed, though the bill maintains subsidies for remote areas, which is lamentable if a political reality. A Reason Foundation report details how FAA after the 2013 budget showdown put a moratorium on new contract towers that can benefit small airports, which will never beat out JFK or San Francisco International for FAA dollars. Under a new arrangement, rural airports could explore technology like remote towers, which allow controllers to manage operations with sophisticated cameras and communication equipment.

Many of these complaints come from the unprotected class of Americans known as corporate-jet passengers. The National Business Aviation Association is opposing the bill even though it exempts business jets from paying more in fees. That dispensation is regrettable. If the proletariat sitting in steerage pays for air services, so should a CEO flying across the country for lunch. The irony is that corporate-jet users are the least price-sensitive passengers and put a high value on time. Wouldn't many executives happily pay extra for a faster landing and shorter lines on the tarmac? NetJets to its credit seems to recognize these realities and endorsed the bill this month.

All of this will be litigated in the Senate if the bill passes the House, where proponents are whipping support. But in the upper chamber the idea is opposed by Kansas Sen. Jerry Moran, who wields a deciding vote on the committee that oversees transportation. Mr. Moran thinks he's protecting his home state aviation lobby, though more efficient air space would benefit the entire industry.

Republicans should seize the moment because they have a President who wants reform as part of his infrastructure upgrade. Mr. Shuster is willing to negotiate, and the House has done the leg work. The biggest hurdle may be convincing appropriators to relinquish control over billions in air-travel tax revenue they now redistribute.

By the way, a new air-traffic entity would reduce the number of federal employees by more than 30,000 and federal spending by billions of dollars. The perception that the government has become too large to even know what it manages is one reason voters gambled on Donald Trump. Modernizing the human misery known as U.S. air travel should be a bipartisan win.

Senate Blue-Slip Bluster

McConnell is right to override Democratic judicial vetoes.

Hyperventilating is the modern political default, starting with the President of the United States. But Wednesday's political flap over the Senate's "blue slip" courtesy for judicial nominees is even phonier than usual.

The tradition—it isn't a formal rule—has allowed a home-state Senator of either party to signal opposition to a lower-court nominee by refusing to return a sheet of paper known as the blue slip. The tradition was intended to give Senators a chance to flag a particular problem with a nominee that others might not know about, but it was never intended as an ideological pocket veto.

Yet that is how Senate Democrats are using the blue slip this year, led by that paragon of partisanship, Al Franken of Minnesota. He's refusing to return the blue slip for the highly qualified David Stras, a judge on the Minnesota Supreme Court whom President Trump has nominated for the Eighth Circuit Court of Appeals. This is part of the larger Democratic strategy of delaying nominees for as long as possible to "resist" the Trump Administration and slow down other Senate business.

Majority Leader Mitch McConnell can see what is going on and he repeated to The Weekly Standard what he has been telling everyone, which is that a blue-slip wasn't meant to be "an opportunity to blackball." This caused Minority Leader Chuck Schumer to lecture Judiciary Chairman Chuck Grassley that he must obey any blue slip to "create bipartisanship and bring people to an agreement." Mr. Schumer is the same fellow who is subjecting nearly every Trump nominee to 30 hours of floor "debate" no matter the qualifications.

Mr. Schumer is using a bipartisan courtesy for partisan ends, and Mr. McConnell is right to call him on it. As for conservatives who fear Mr. McConnell isn't moving fast enough: Watch this fall as the confirmations speed up.

The Boy-Girl Scouts of America

The Scouts open their ranks to girls without going gender neutral.

The Boy Scouts of America (BSA) announced Wednesday that next year it will allow girls to join the Cub Scouts. By 2019 it will start a program for older girls to become Eagle Scouts. At first it seems the Scouts have finally surrendered in the culture war, but the reality is more complicated.

Boy Scout membership has fallen by about a third since 2000, and today some 2.4 million young people take part in Scouting. The organization has long tried to broaden its appeal with programs like Sea Scouting and Venturing, which are open to women. In its announcement the organization noted that it wants to offer more programs for entire families. One survey showed 90% of parents not involved with Scouting were interested in getting their daughters into a program like the Cub Scouts.

Scouting conjures images of hiking in the outdoors and learning to tie knots, and the outdoors should remain central to its mission to build confidence that comes from mastering one's surroundings. But Scouting has long offered merit badges in skills like computer programming and personal finance that are also helpful to girls and boys.

Currently Cub Scouts are organized into local packs made up of dens of about a half-dozen elementary-school boys. Once girls can enter the Cub Scouts, dens will remain single-gender. Packs can decide whether to be mixed- or single-gender. And girls who want to become Eagle Scouts will do so in a program designed specifically for girls. "This unique approach allows the organization to maintain the integrity of the single gender model while also meeting the needs of today's families," the Scouts said.

The unanimous decision by the BSA board may also be a compromise to prevent total gender integration. The group's statement acknowledged that girls have tried to join for years, and after taking so much abuse for resisting gay scouts until 2013, the group couldn't want another media or court fight over gender. Earlier this year, it opened membership to transgender boys.

The question is whether progressives will accept any compromise. Lawsuits in the 1990s failed to force the Boy Scouts to change their membership requirements. The California Supreme Court in *Randall v. Orange County Council* (1998) ruled that the group isn't a "business establishment" and thus not subject to gender-discrimination laws.

But the progressive movement remains committed to stamping out differences between genders. The Boy Scouts of America was created to instruct boys in how to become—pardon the non-neutral phrase—virtuous men. It's unlikely the cultural left will accept this "separate but equal" proposal.

The Girl Scouts of the USA—a separate organization, and usually a paragon of progressive virtue—isn't thrilled about the change. In August the group's president accused the Boy Scouts of waging a "covert campaign to recruit girls into programs run by the Boy Scouts." And it would be a shame if the Girl Scouts suffered as a result.

Surveying the U.S. in the 1830s, Alexis de Tocqueville noted with admiration the American genius for self-improvement through enthusiastic involvement in church and community organizations. We're not sure he'd say the same today, which is America's loss. The Boy Scouts are taking a risk with their gender bender, but for the good of the country we hope they succeed.

LETTERS TO THE EDITOR

We Need Tax Reform That Promotes Growth

Glenn Hubbard is mostly right ("Why America Needs Tax Reform," op-ed, Oct. 6). We need a tax system that promotes investment and growth in the U.S. The statutory top corporate tax rate is considerably higher than those of other developed countries: 35% versus an OECD average of less than 25%. At the same time, U.S. firms can defer U.S. tax on foreign profits until repatriation, at which time they would pay U.S. tax with credit for foreign taxes paid. Many argue that the repatriation issue can be resolved by adoption of a territorial system in which companies pay only taxes where the profits are made.

Mr. Hubbard seems to treat adjustment of the corporate rate and moving to a territorial system as independent. They are not. If the U.S. keeps a high rate but adopts a territorial system, U.S. firms would be given tremendous incentive to invest abroad and to use transfer pricing to move profits to low-tax domiciles. A horrific situation if you want growth.

Accordingly, the domestic rate must be reduced to prevent this from happening. Moreover, if U.S. corporate tax rates were reduced to somewhere between 20%-25%, there would be no strong economic argument for abandoning the current world-wide system of taxation.

DENNIS E. LOGUE
Enfield, N.H.

I don't know what it is now, but when I left BP (the oil and gas super major) less than 10 years ago the effective—not marginal, not statutory, but effective—tax rate paid by BP between direct and indirect taxes in the U.S. was 51%, mainly because the U.S. taxes on world-wide income and California taxes income "at water's edge," even though BP lost money in that state. I understand that since then it has wisely divested its assets in California. That means that state, local and federal governments combined took in more money from every dollar that BP collected than its investors. Think about that.

JOE LEE JANSSENS, CPA, PH.D.
Houston

The British have shown that reducing our corporate tax rate will more than pay for itself. The U.K. lowered its top-line rate of corporate tax from 28% in 2010-11 to 20% in 2016-17. Over that period, its annual onshore corporate tax receipts increased from £36 billion to £49 billion, or 36%. The director of the Centre for Policy Studies notes that the analysis "demonstrates the failure to model accurately the dynamic effect of tax cuts" by the Office for Budget Responsibility, a U.K. agency similar to our Congressional Budget Office.

The trap we're falling into once again is attempting to achieve "comprehensive" tax reform, changing everything all at once. Instead, perhaps we should start by tackling the one problem everyone seems to agree exists—our corporate tax rates are uncompetitively high—and then turning to other possible reforms after we see how that works out.

If the Brits can do it, why can't we?

JOHN A. PETERSON
Walnut Creek, Calif.

The Tax Reform Act of 1986 reduced top marginal rates from 50% to 28% in exchange for the elimination of numerous deductions, such as consumer interest (allowing the government to tax both sides of interest payments), medical expenses that were less than 12% of gross income, sales-tax deductions and numerous revisions to passive real-estate investments. In addition, the capital-gains tax was raised to 28% (a 40% increase) and the new rate was made retroactive for installment sales initiated before 1986. The process was not only declared "revenue neutral," it received bipartisan praise as "the great equalizer between income classes" from Dan Rostenkowski (D., Ill.).

Here's the rest of Mr. Hubbard's story: In just seven years, George H.W. Bush ("read my lips") and Bill Clinton raised the top rate back to 39.6% on the expanded base while conveniently forgetting most of the deductions surrendered by taxpayers in 1986—a classic example of the politician's ability to execute the old con called "bait and switch." Sadly, a new generation of suckers is being set up to take the same fall.

MIKE SMITH
Sugar Land, Texas

Dr. Seuss Gets a Bad Rap From Progressives

Regarding the Notable & Quotable citing elementary-school librarian Liz Phipps Soeiro ("Was Dr. Seuss Racist?, Oct. 6): When my children enjoyed Dr. Seuss's books many years ago, the right denounced Seuss as a "leftist" for his antiwar rhetoric during Vietnam and other issues. I didn't agree with Seuss on all issues but thought his books were cleverly written and wonderfully illustrated. I don't think my children learned one single racist thing in the books, but they loved to read them.

We all need to take a breath and go back to measuring our culture for what it brings without politicizing every single human endeavor. If America loses the ability to read and enjoy a full menu of literature, we will allow narrow-minded zealots like the librarian at Cambridgeport Elementary to ruin our cultural diversity. I bet that librarian thinks she is a champion of diversity. I am truly sorry but the truth is she is basically a book burner.

WILLIAM R. GREY
Virginia Beach, Va.

During my childhood and then later as an adult with small children, Dr. Seuss's books were ubiquitous. They were used to teach young minds to read by making it fun with illustrations and rhyming, a valuable skill learned early in life. There was never a thought that the material was steeped in racist propaganda. The most disconcerting point of Ms. Soiero's open letter to First Lady Melania Trump's gift is that again a small group of people with narrow-minded viewpoints and an agenda are given the power to censor what is and what is not acceptable for the rest of us to read. Have we banned George Orwell from the libraries yet?

JAMES MCBAIN
North Bay, Wis.

From Ms. Soeiro's open letter to Mrs. Trump it appears that the librarian has been through the looking glass and taken instruction from Humpty Dumpty who famously boasted that a word "means just what I choose it to mean." In this case, books by Dr. Seuss mean just what Ms. Soeiro chooses them to mean.

CHARLES MOORE
Shreveport, La.

The sad truth is that attempts by the literati of identity politics to do "diversity literature" only serve to further stereotype people based on race, gender, etc. This facile approach to choosing and teaching literature undermines the whole point of literature: to present life as it is in all its forms and let the readers make meaning of it in the context of their own life experiences. I can't imagine Ms. Soerio has a copy of Mark Twain's "Adventures of Huckleberry Finn" or Harriet Beecher Stowe's "Uncle Tom's Cabin" on the shelf.

TOM O'HARE
Charlestown, R.I.

Cultural Diversity Comes Amusingly to the Pulpit

Mary Sherry's "I Can't Understand a Word My Priest Says" (Houses of Worship, Oct. 6) hits close to home. Often when we were first residents of Tennessee, our family struggled with the respective Eastern and Western Tennessee accents of our new parish's two priests.

Years later, our church welcomed a new priest from India who spoke perfect English. I joked with my wife that we finally had a pastor we could understand. Near the end of our first service with the new priest, he recognized a parishioner for her good works in the community. Motioning for us all to stand, he then asked in accented, but impeccable English, "Please, give this woman the clap."

CHRIS KITTERMAN
Franklin, Tenn.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

Pepper ... And Salt

THE WALL STREET JOURNAL

"So—mortality has caught up with me?"

How to Defeat the Islamic Republic

By Reuel Marc Gerecht
And Ray Takeyh

Iran's modern history is replete with examples of the citizenry seeking to reclaim power from despots. The Pahlavi dynasty, which ruled between 1925 and 1979, regularly faced popular rebellions, including the Islamic Revolution of 1979. Once the country's current clerical rulers made clear their disdain for democracy, they too were beset by protest movements. The Islamic Republic's Western enablers present it as strong and steady, but the theocracy now resembles the Soviet Union in its dying days.

Iran's regime resembles the Soviet Union in its dying days. Trump can follow Reagan's example.

Once in power, Iran's Islamists faced open rebellion from the revolutionary factions that objected to their republic of virtue. This was a battle waged in the streets as well as in Parliament and the press. The mullahs proved more ruthless than their liberal and Marxist detractors.

The Iran-Iraq war tranquilized Iran's domestic politics in the 1980s, as national energies were focused on a savage foreign invader. In the 1990s the power struggle resumed. The reform movement, led by disgruntled members of the intellectual and clerical elite, challenged the regime's orthodoxies and even called for making the office of the supreme leader accountable to the electorate. The reformist interlude ended with the student rebellion of 1999, when government enforcers bloodied the universities.

Then came the Green Movement in June 2009. A rigged election to restore Mahmoud Ahmadinejad to the presidency brought millions to the streets. In a matter of days, the slogans went from "Where is my vote?" to "Down with dictatorship!" Supreme Leader Ali Khamenei initially seemed flat-footed, the clerical elite unsure if it could trust the security services.

Eventually the theocracy restored order, but it had already lost whatever tattered legitimacy it had left. The regime shed the facade of republicanism, purged itself of unreliable elements, imprisoned its most popular politicians, and abandoned even the pretense of harmonizing faith and freedom. The notion of political reform was dead and all talk of human rights was only that—talk.

ATTA KENARE/AFP/GETTY IMAGES

Green Movement protesters in Tehran, June 9, 2009.

The Islamic Republic proved it could not reform itself.

Meantime, government reports, the controlled press and even senior Revolutionary Guard commanders reluctantly confess the truth: Islam is growing weaker within Iran. Mosques, thinning out for 30 years, are now mostly empty even on religious holidays. Seminaries have few recruits, and the government of God has trouble supplying mosques with prayer leaders. Secularism is on the rise, particularly among the youth, among whom religious observance has declined precipitously. The regime conducts its ritualistic elections, and apparatchiks like Hassan Rouhani lead a bloated state drowning in corruption. The specter of the Green Movement haunts tightly controlled elections, as chants for the overthrow of the regime often erupt.

The ideologically exhausted theocracy tries to revitalize itself by imperialism and patronage, much as the Soviet Union did in the 1970s. Mr. Khamenei stands today as modern Persia's most successful imperialist, as he has planted Iran's flag from the Gulf to the Mediterranean. But imperialism carries costs, as the Shiite militias Iran arms and allies it subsidizes burden its treasury.

The regime depicts its adventures as quests to save Arab Shiites from Sunni domination and Western machination. Foreign wars have become an advanced guard of the revolution, according to the late Revolutionary Guard general Hossein Hamedani, who squelched the Green Movement in Tehran and then organized the Shiite militias fighting in Syria. "To protect the accomplishments of the Islamic revolution," Hamedani proudly asserted, "we had to intervene" in Syria and Iraq.

At home, the clerical regime established an array of welfare agencies to dispense benefits to its lower-class constituents. This was not just about fulfilling a religious obligation. The regime sought to tether the working poor to the new order. Large foundations expropriated the wealth of the Pahlavis and tens of thousands of affluent Iranians to provide the poor with housing and health care. But temptations of power proved too much as the mullahs and their praetorian guard indulged their taste for luxury. Corruption overtook charity. Class cleavages today are sharper than under the shah. But this vast revolutionary patronage offers the regime a lifeline from its economic incompetence and tyranny. It is this lifeline that aggressive sanctions must choke off.

There are no inevitabilities in history. Nobody knew when the Soviet Union's contradictions would overwhelm the system, and there is no time stamp on the Islamic Republic's demise. Jimmy Carter and the vast majority of the Democratic Party wanted to coexist with the Soviet Union. But Ronald Reagan helped crack the Soviet Communist Party by waging economic warfare, empowering dissidents, and shrinking its imperial frontiers.

President Trump should follow Reagan's example, not Mr. Carter's. The U.S. should once more establish contact with and financially assist dissident organizations in Iran. There is no substitute for presidential declaration, and Mr. Trump should embrace Reagan's model of speaking directly to the Iranian people while castigating their illegitimate regime. Washington should again impose crippling sanctions to deny the mullahs their patronage networks, the key to their power. A formula that led to the collapse of the mighty Soviet empire can surely down Mr. Khamenei's and the Revolutionary Guard's kleptocracy.

Mr. Gerecht is a senior fellow at the Foundation for Defense of Democracy. Mr. Takeyh is a senior fellow at the Council on Foreign Relations.

Woodpeckers for Sound Money

By Judy Shelton

What kind of views should a conservative-as-disruptor president with a pro-growth economic agenda seek in the next chairman of the Federal Reserve? What intellectual framework is best-suited to handle impending challenges to financial stability, both domestically and internationally?

The traditional dichotomy of "hawk" versus "dove" has broken down. What used to pass for a prudent hard-money advocate—someone who would take away the punch bowl as the party was starting by raising interest rates—might look today like an outright saboteur. Yet someone who continues to embrace abnormally low interest rates seems guilty of perpetuating the monetary favoritism that channels rewards to big investors, big business and big government.

The Fed doesn't need a 'hawk' or a 'dove,' but someone to hammer away for the dollar's integrity.

It isn't an easy choice for President Trump. As a developer, he appreciated the benefits of inexpensive capital. Still, as he acknowledged early in his campaign, it isn't fair that workers who behave responsibly—who sacrifice to save in their bank accounts—end up "getting creamed" by low rates.

Complicating the decision further: Whatever path the next Fed chairman takes on interest rates will affect the value of the dollar in foreign exchange markets in ways that could damage growth prospects. Tentativeness in moving forward to "normalize" monetary policy would project economic uncertainty and a lack of faith in the benefits of tax and trade reform; a weakening dollar signals weakening resolve. But there are also dangers in raising rates too aggressively. While a strengthening dollar reflects confidence, it also threatens global financial stability.

The latest quarterly report from the Bank for International Settlements, issued in September, shows total dollar borrowing outside the U.S. reached $10.7 trillion in the first quarter of 2017—about 6% higher than a year earlier and up 83% since 2009. Roughly a third of that is owed by borrowers in emerging-market countries. If the value of the dollar goes up against their local currencies, it could trigger widespread regional defaults.

The unpredictability of exchange rates renders economic and financial outcomes vulnerable to currency shifts induced by monetary policy. BIS researchers Claudio Borio, Robert Neil McCauley and Patrick McGuire point out in a special feature on "missing global debt" that regulators overlook trillions of dollars borrowed and lent every day through currency swaps in the foreign exchange market. These transactions are not recorded on balance sheets even though they function as debt-like obligations vulnerable to maturity mismatches and liquidity stresses.

Of the $58 trillion of outstanding foreign exchange swaps and related exposures—three-quarters of which matures within one year—90% is denominated in dollars, and an estimated $13 trillion to $14 trillion is owed by nonbanks outside the United States. For perspective, world-wide gross domestic product is about $75 trillion and global trade volume about $21 trillion.

The crux is that the next Fed chairman will likely be confronted with currency market pressures, and the usual labels and criteria may not prove helpful. The task ahead is not only to forge a monetary path that reconnects the availability of credit to the needs of the real economy, but also to ensure the dollar is sound.

Forget hawks and doves—this job needs a woodpecker, someone who'll hammer away at the importance of stable money. The goal: not a strong dollar or a weak dollar, but a dependable dollar.

Mike Pence emphasized the need for a solid monetary foundation when he told the Detroit Economic Club in December 2010 that the Fed "should focus exclusively on price stability and protecting the dollar." He observed that "sound monetary policy is the foundation of our prosperity."

If money is not stable, if the dollar does not serve as a reliable unit of account, the incentives created by tax reform can easily be offset by exchange-rate movements. An American company that moved overseas may be attracted to return by a reduced corporate tax rate but put off by potential currency losses. The same applies to trade. As former Fed chief Paul Volcker has noted: "Trade flows are affected more by 10 minutes of movement in the currency markets than by 10 years of (even successful) negotiations."

The proven formula for economic growth requires all elements working together to support entrepreneurial endeavors. When the dollar was linked to gold during the 1950s and '60s—the central tenet of a rules-based international monetary system—middle-class income gains were dramatic. The 2015 Economic Report of the President refers to that era of stable exchange rates as an "Age of Shared Growth" with rising labor productivity and falling income inequality.

The Fed should focus on stable money as a key factor in economic performance. Given that central banks today are the world's biggest currency manipulators, it's imperative that the next chairman prioritize the integrity of the dollar. Otherwise, it's just birds of a feather.

Ms. Shelton, an economist, is author of "Money Meltdown" (Free Press, 1994) and senior fellow at the Atlas Network. She served on the Trump transition team.

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Suspect Metal Rattles Car Makers

Japanese aluminum manufacturer says its workers doctored quality documentation

BY SEAN MCLAIN

TOKYO—A scandal at one of Japan's biggest aluminum manufacturers is forcing auto makers and other customers to check the safety of their products. The incident adds to a string of corporate failings in the country that has undermined confidence in business regulation.

Car makers said Wednesday that they were attempting to identify vehicles containing aluminum supplied by **Kobe Steel** Ltd., after the company on Sunday said it had doctored product-quality paperwork.

Kobe Steel is the largest supplier of aluminum parts for automobiles in Japan and has a large share of the global market for forged aluminum pieces used in suspension systems. Japanese auto makers said it was unclear how widespread the issue is and whether the substandard metal affected vehicle safety.

Toyota Motor Corp., **Nissan Motor** Co. and **Honda Motor** Co. said aluminum from Kobe Steel was used in car hoods and doors. Toyota said it thought the issue was restricted to its plants in Japan. Nissan singled out hoods using the aluminum because of the safety implications for a vehicle involved in a collision.

A spokeswoman for **General Motors** Co. in Singapore said the U.S. auto maker was examining whether any of its products are involved.

Any vehicle recall tied to the issue could prove costly, said analysts.

Beyond the auto industry, the problematic metal was sold to manufacturers of Japan's bullet trains and suppliers of components for **Boeing** Co. airliners. A Boeing spokesman said the company is inspecting its supply chain. "Nothing in our review to date leads us to conclude that this issue presents a safety concern, and we will continue to work diligently with our suppliers to complete our investigation," the spokesman said in an emailed statement.

At the center of the scandal are aluminum and copper products that Kobe Steel said didn't fulfill specifications set by its customers over a 12-month period ended Aug. 31. Workers altered inspection certificates so that the material appeared to meet the standard, the company said, without specifying the product's shortcomings.

Kobe Steel said about 4% of its total production for the period was affected by the issue.

"We are causing trouble for our customers," a Kobe Steel spokesman said Wednesday. "With their help, we are swiftly proceeding with safety checks and are trying to understand the whole picture."

The Japanese government said Tuesday that the doctoring of product-quality information "is an inappropriate act that threatens fair trade."

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BlackRock Maintains Its Strong Cash Pull

BY SARAH KROUSE

The world's largest money manager by assets oversees almost $900 billion more investor cash now than it did a year ago.

BlackRock Inc.'s assets under management climbed to $5.98 trillion at the end of September, helped by rising stock markets and billions of dollars flowing into its large lineup of exchange-traded funds. That compares with $5.12 trillion in assets under management a year ago.

BlackRock and rival **Vanguard Group**, the two largest money managers globally that also boast the largest stables of ETFs by assets, have garnered an unprecedented amount of new investor cash as investors embrace the low-cost products. The two firms now manage about $10.7 trillion, almost as much as the gross domestic product of China, the world's second-largest economy at $11.2 trillion in 2016.

Money managers have become a more powerful force than ever since the financial crisis as banks scaled back. They have an increasing say on market structure and corporate-governance matters, and play a bigger role in Wall Street's product development and plumbing.

In the third quarter, BlackRock pulled in a net $96.1 billion in new investor money, more than half of which flowed into iShares ETFs. For the first nine months of the year, it set a record for inflows with a net $264.3 billion flowing into its products, topping the $202.2 billion pulled in for all of 2016.

"It's humbling," BlackRock Chief Executive Laurence Fink said of his firm's growth in an interview. He expects even more money to flow into ETFs in the coming three to five years as a result of new regulations in Europe and the U.S. "I think that's the backdrop we're living in," he said.

Overall, BlackRock said third-quarter net income rose 8% to $947 million, from $875 million in the year-ago quarter. Revenue increased 14% to $3.2 billion. BlackRock's shares gained 1.8% to $473.93 on Wednesday.

Problems Mount at Weinstein Studio

BY BEN FRITZ AND ERICH SCHWARTZEL

Weinstein Co.'s challenges continued to pile up following the ouster of co-chairman Harvey Weinstein, with the company reassessing plans for future movie releases and one business partner tightening payment terms for routine work.

The independent studio is considering delaying the release of "The Current War," the only remaining prestige movie on its 2017 schedule, said a person close to the company, in the wake of controversy and chaos surrounding the multiple allegations of sexual assault against Mr. Weinstein.

If "The Current War," a historical drama starring Benedict Cumberbatch as Thomas Edison and Michael Shannon as rival inventor George Westinghouse, is moved to 2018, it wouldn't qualify for awards this year, including the Oscars. However, Weinstein Co. could book the movie in just a handful of theaters in December to qualify it for awards but wait until next year to release it nationwide, this person said.

Releasing the movie Nov. 24, as currently planned, could be challenging because much of the publicity Weinstein Co. would need to drive audience interest could be subsumed by questions about Mr. Weinstein's alleged misdeeds.

Pushing back the movie's release might allow time for the controversy to die down and for Weinstein Co. to restart operations with a new name. The studio has enlisted two ad agencies to help it find a new name.

In the past, Mr. Weinstein has always played a hands-on role in shaping marketing plans for the company's high profile movies and in particular the campaigns to help them gain consideration for Oscars and other honors. Questions remain about how the independent studio will continue to release movies or fill out an already thin slate during its leadership crisis.

The mogul's brother and co-chairman, Bob Weinstein, is running the studio on an interim basis with its president, David Glasser.

Weinstein Co.'s board previ-

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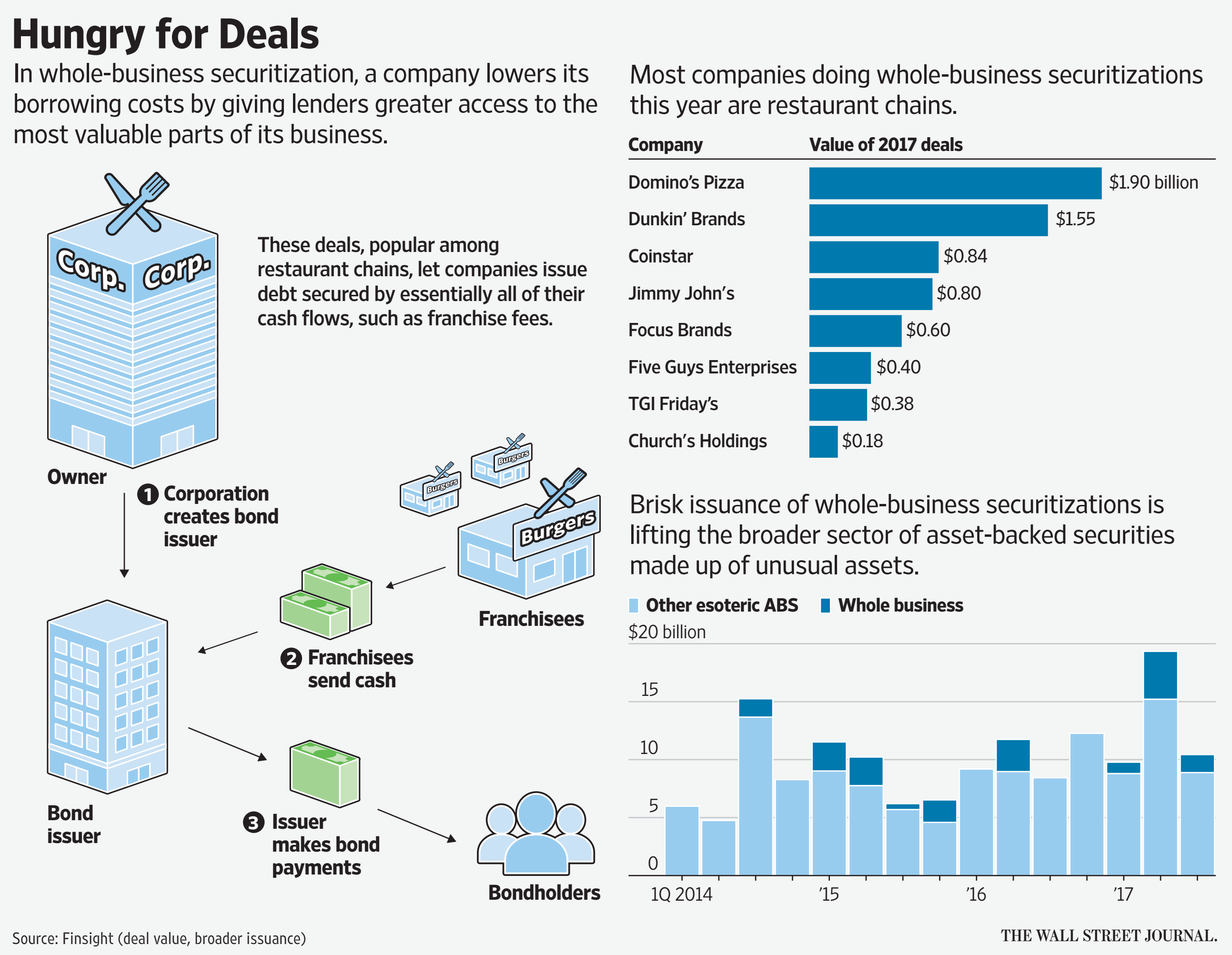

Restaurants Like This Debt Flavor

BY BEN EISEN

Restaurant chains are turning to complex debt deals that lower their borrowing costs, but at the price of control over their most valuable assets.

This summer, **Domino's Pizza** Inc. sold $1.9 billion of bonds backed by essentially all of its revenue streams, including payments from franchisees, intellectual property and license and distribution agreements. The deal, which allowed it to borrow at well below the going rates on junk bonds, was the latest example of companies putting all of their cash-generating assets into separate entities that are used to back the debt.

The practice, known as whole-business securitization, is enabling companies to issue bonds more cheaply by effectively giving lenders more-direct access to the most valuable pieces of their enterprises. The companies that have done these deals tend to have stable cash flows, but many would likely have trouble getting investment-grade ratings if they wanted to issue typical corporate bonds, market participants say.

In the case of Domino's, the pizza chain drew an investment-grade BBB+ rating from S&P Global Inc. It was one of the earliest users of this structure and had a junk-level rating until 2007, when it paid off its old debt to do its first of four whole-business securitizations—which the company says has saved it tens of millions of dollars in borrowing costs over the past decade. The most recent deal was so popular that bankers increased its size by $100 million, according to a person familiar with the matter.

"Within this whole business space, it's as hot as it's ever been," said Jeffrey Lawrence, chief financial officer of Domino's. "There are more market participants, more people who have done their homework and are comfortable with it."

This year through September, companies have borrowed $6.7 billion through these transactions, more than during any other three-quarter stretch since at least 2008, when financial technology firm Finsight began tracking the data. If the activity remains at its current pace, 2017 will be the biggest year in memory, market participants say.

In some ways, the structure requires a company and investor to iron out what would happen to the debt in a hypothetical bankruptcy before the securities are even issued. Typically with these deals,

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IMF Identifies 9 Vulnerable Big Banks

BY JOSH ZUMBRUN

The International Monetary Fund said some of the world's largest financial institutions—including **Deutsche Bank** AG, **Citigroup** Inc., **Barclays** PLC and a few Japanese institutions—could struggle in coming years to remain sufficiently profitable.

STEPHEN JAFFE/AGENCE FRANCE-PRESSE/GETTY IMAGES

The IMF official discussing results of the report on Wednesday.

"About a third of banks by assets may struggle to achieve sustainable profitability, underscoring ongoing challenges and medium-term vulnerabilities," the IMF said, referring to the world's most important financial institutions.

The IMF's critique of the banks came in its semiannual Global Financial Stability Report, released Wednesday as finance ministers and central bankers from 189 countries gather in Washington for the annual meetings of the IMF and World Bank.

It is unusual for a body like the IMF to identify banks by name. The report named nine financial institutions in all, Besides Citigroup, Deutsche and Barclays, it also named **Société Générale**, Italy's **UniCredit** SpA, the U.K.'s **Standard Chartered** PLC and Japan's **Sumitomo Mitsui Financial Group**, **Mizuho Financial Group** and **Mitsubishi UFJ Financial Group** as likely to deliver subpar profits.

All nine declined to comment on the report.

"Institutions that are not profitable might not be able to generate enough capital in the future should adverse shocks hit," Tobias Adrian, director of the IMF's monetary and capital markets department, told reporters. "It might become a financial stability risk not to be profitable."

The IMF said the consensus among private-sector bank-industry analysts was for a return on equity of less than 8% for each of those nine banks in 2019. In previous research, the IMF has said that banks' cost of equity—that is the return stock investors expect on their holdings—is at least 8%. Banks need to earn above this threshold to remain consistently profitable and otherwise may face difficulty building capital for a rainy day, the IMF said.

Regulators and international policy makers are typically circumspect about questioning the profitability of specific banks, often preferring to speak more generally out of concern they could weaken institutions that are already vulnerable and risk destabilizing the global financial system.

Some of the IMF's views are already conventional thinking on Wall Street. Deutsche Bank's stock, for example, trades at less than half of its book value, or net worth, and has traded well below this level since 2010. This suggests investors don't believe it will deliver returns that create value in the long run.

Citigroup investors have grown more confident in the bank's outlook. Over the past year, the shares have risen

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INSIDE

AMAZON WOOS TEENS WITH ALLOWANCE APP

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HEARD ON THE STREET

By Nathaniel Taplin

For Beijing, The State Now Takes Precedence

First in a Heard on the Street series on China

China achieved its economic miracle by unleashing the entrepreneurial private sector. With President Xi Jinping poised to further consolidate power at the Communist Party's twice-a-decade leadership shuffle kicking off Wednesday, the narrative of the next five years is becoming clear.

The state is pushing back.

The logic is straightforward. Nominally communist China relies on its vibrant private sector for growth, but state-owned companies are indispensable tools for political patronage, social control and economic policy. Any financial rot in the state sector could weigh on the economy and weaken the Communist Party's grip.

With private business already commanding about 70% of the economy, Mr. Xi and his

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BONDS

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cash flows such as franchise fees continue to be pledged for repayment, and investors can snatch the assets in the event of a default.

While the company generally benefits from lower borrowing costs, the rigidity of the debt structure can leave it with less ability to issue debt outside the securitization or sell assets if its cash flows start to decline.

Whole-business deals are a growing piece of the market for esoteric asset-backed securities.

"If the business goes sour, it's not like you have anything left in reserve," said John Kerschner, head of U.S. securitized products at Janus Henderson Investors, who has participated in some recent deals and passed on a few. "What you could see in a business really deteriorating rapidly, it would go down that much quicker."

A healthy outlook in American corporations and years of near-zero interest rates are heralding a renewed appetite for bond structures that link up risky companies trying to lower their debt costs with yield-starved investors in search of income.

Since these issuers pledge all of their assets to back the bonds, the structure isn't any riskier for investors than if the same company sold unsecured bonds that aren't linked to specific assets. But it echoes the precrisis era in which increasingly complex products became popular.

Whole-business deals are a small but growing piece of the market for so-called esoteric asset-backed securities, a loose category of debt made up of unusual assets such as music royalties, shipping containers, timeshare properties and even inventories of rough and polished diamonds. The pickup in whole-business issuance in the April-to-June period this year helped lift the broader category of esoteric ABS to its best quarter since the end of 2010.

"People have been pushing toward more and more esoteric deals," said Keith Allman, a senior analyst in the mortgage and structured finance group at asset manager Loomis Sayles & Co., which has participated in some of the recent whole-business offerings.

Whole-business securitization developed in the U.K. with so-called pub financing in the 1990s. Lehman Brothers bankers began applying the concept to U.S. restaurant chains in the mid-2000s, typically using bond insurers to guarantee the debt.

The structure began to catch on, and while the deals generally held up during the financial crisis, market participants say, the prices on the debt fell along with the broader ABS market.

STUDIO

Continued from the prior page
ously planned to decide Wednesday night whether to name the two men to run the studio on a permanent basis, but have delayed that decision indefinitely, said a person with knowledge of board discussions.

Personal scandals can torpedo releases with otherwise strong commercial or critical prospects. After a rapturous reception at the Sundance Film Festival in 2016, "The Birth of a Nation" was overshadowed by publicity over sexual-assault allegations against director Nate Parker.

In a statement last week, Mr. Weinstein apologized for how he had "behaved with colleagues in the past."

Questions about the future of Weinstein Co. are affecting its relationship with business partners as well.

One of Hollywood's largest postproduction vendors, **Technicolor**, has stopped extending credit to Weinstein Co., people close to the companies said. It will do work on the studio's films and TV shows only if payment is received immediately upon delivery.

That move comes after Technicolor's chief executive, Frederic Rose, sent an email to executives this week discussing whether the company should cease work on Weinstein projects entirely until the current issues are resolved, said a person with knowledge of the message.

A Technicolor executive, president of production services Tim Sarnoff, was on Weinstein Co.'s board until last Friday, when he was among a group of directors who resigned because they felt blindsided and betrayed by the allegations, according to a person with knowledge of their decision.

Mr. Weinstein has been rebuffed in the past day by prominent entertainment-industry institutions. The British Academy of Film and Television Arts suspended his membership on Tuesday, saying "it considers the reported alleged behavior completely unacceptable."

The Academy of Motion Picture Arts and Sciences, which produces the Academy Awards, said it is holding an emergency meeting this Saturday to discuss Mr. Weinstein's membership.

—Keach Hagey contributed to this article.

BUSINESS & FINANCE


REBECCA BLACKWELL/ASSOCIATED PRESS

The team's 2-1 loss to Trinidad and Tobago on Tuesday kept the U.S. out of the 2018 World Cup.

U.S. Soccer Team's Loss Deals Blow to Fox Sports

The failure of the U.S. men's soccer team to qualify for the 2018 World Cup creates a major headache for broadcaster **21st Century Fox** Inc., which faces

By Joe Flint, Suzanne Vranica and Lara O'Reilly

the prospect of smaller TV audiences and diminished advertiser interest without Team USA on the field.

After a stunning loss to Trinidad and Tobago on Tuesday, the U.S. team will miss the sport's premier tournament—to be held in Russia next summer—for the first time since 1986.

Fox Sports, a unit of 21st Century Fox, paid $200 million for the U.S. English-language rights to broadcast the 2018 World Cup, with plans for it to be the biggest production in Fox Sports history. More than 350 hours of programming is planned across multiple networks and digital platforms, and tens of millions of dollars have been budgeted for production facilities in Moscow's Red Square and to cover the tournament.

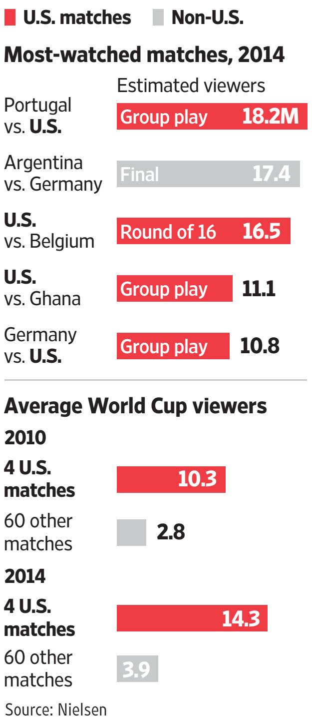
Without the U.S. team, Fox will likely be dealing with lower viewership, which means a tougher time selling advertising and potential shortfalls on the ratings guarantees for ad packages that have already been sold, according to ad buyers.

Team USA's elimination also is a blow to FIFA, soccer's governing body, which has long seen the U.S. as its primary market for growth. Fifteen years ago, English-language media rights for the World Cup were basically worthless. Now fees for media rights in the U.S. are among the highest in the world. Among young fans, only basketball is more popular. Representatives for FIFA didn't respond to a request for comment.

While hard-core soccer fans will still tune in, the absence of the U.S. men is expected to result in a "significant drop" in ratings, said Kevin Adler, chief engagement officer at sports-marketing firm Engage Marketing.

Netting Big Ratings

The U.S. men's soccer team featured in four of the five most-watched games on domestic networks in the 2014 World Cup.



Source: Nielsen
THE WALL STREET JOURNAL.

More casual "soccer fans in the U.S. care about their team and the Cinderella story that they could one day make it all the way, and that is now gone," Mr. Adler said. "It will be tough for Fox to find a compelling story line that will draw in those casual U.S. fans."

In 2014, Walt Disney Co.'s ESPN aired the World Cup in the U.S. and several of the most-watched games, unsurprisingly, involved the American squad. For example, the U.S.-Portugal match drew an audience of 18.2 million, more than any NBA Finals contests that year and more than the 17.3 million who tuned in for Germany vs. Argentina—a record for a World Cup men's final.

The U.S. team's four matches in the 2014 World Cup in Brazil were among the tournament's five most-watched games in the U.S. and averaged 14.3 million viewers, compared with 3.85 million viewers for the other 60 games, according to Nielsen data.

Fox Sports President Eric Shanks said without the U.S. in the tournament, the network would put a greater effort in storytelling and marketing to "drive interest in the World Cup."

Mr. Shanks said Fox would rethink their ambitious productions plans as well. "Recognizing that we probably want to do more in other areas, we're going to be looking at how to make the most efficient use of everything we're going to put on the screen and in marketing."

21st Century Fox and News Corp, parent company of The Wall Street Journal, share common ownership.

For Fox Sports, significant revenue may be at stake. ESPN brought in $529 million in advertising revenue for the 2014 World Cup. Top advertisers spent more than $30 million each on U.S. ads for the event, according to ad-tracker Kantar Media.

Earlier this year, Mr. Shanks joked in a conversation with media buyers, according to Ad Age, that if the U.S. team didn't make it to Moscow "that would [be] like, $200 million flushed down the toilet."

Nigel Currie, an independent sponsorship and marketing consultant based in London, predicted Fox could take a substantial financial hit if ad rates drop in anticipation of smaller TV audiences.

—Matthew Futterman contributed to this article.

Shippers Confront CSX on Service

By Paul Ziobro

WASHINGTON—**CSX** Corp. Chief Executive Hunter Harrison says his railway has never run more smoothly. Some of his largest customers disagree.

Mr. Harrison and shippers clashed Wednesday over CSX's service at a hearing called by the Surface Transportation Board, a federal regulator, amid complaints about widespread CSX delays and congestion over the summer. While Mr. Harrison said the company has ironed out the problems, certain customers said they are still suffering.

Agricultural giant **Cargill** Inc. said that as recently as Monday, it had to shut down a Lafayette, Ind., plant during the morning because local train-crew members, having exceeded the number of hours they were allowed to work, couldn't take its railcars. About a week earlier, a Cargill plant in Sidney, Ohio, shut down for two days because it hadn't received empty cars from CSX for loading.

Brad Hildebrand, a Cargill vice president, said service levels haven't improved from last year and warned federal regulators against drawing conclusions based on recent CSX reports showing improvement. "One month does not make a trend," he said.

Mr. Hildebrand laid the blame on Mr. Harrison's "precision scheduled railroading" strategy, saying it has resulted in worse service.

Mr. Harrison defended the strategy, saying that trains are running faster, cars are spending less time in yards and complaints from shippers are down for the third-largest U.S. rail operator by revenue.

The problems during the summer were caused by bungled execution, he said. He apologized to shippers and acknowledged that it was a mistake to close as many hump yards—facilities that sort railcars along the network—as CSX did earlier this year.

"This is not a failure of precision scheduled railroading," Mr. Harrison said.

Other shippers on Wednesday were eager to share their experiences. Chemicals maker **Chemours** Co. said CSX failed to provide service on schedule more than half the time during the summer, adding that it has incurred more than $1.3 million in excess costs to ship product to customers. "The last five months have been a costly disappointment for us," said Kevin Acker, Chemours's strategic relationship and category manager for rail.


MARTIAL TREZZINI/EUROPEAN PRESSPHOTO AGENCY

Aluminum from Kobe Steel was used in some car hoods and doors.

CARS

Continued from the prior page
Shares of the company have plunged by more than a third since the scandal emerged.

Around 200 companies use Kobe Steel aluminum in their products. Car makers and others increasingly use aluminum because it is lighter than steel—if more expensive to produce—meaning that in autos it helps improve fuel economy.

The latest development follows a series of corporate-governance scandals in Japan over the past few years that has raised questions about corporate governance and government regulation. Notably, issues with air bags made by Takata Corp. resulted in the largest automotive recall in history and ultimately in the company's declaration of bankruptcy in June.

Toshiba Corp. said in 2015 it had overstated profits for years, and it took a $6 billion write-down last financial year after subsidiary Westinghouse Electric declared bankruptcy. Last year, Mitsubishi Motors Corp. said it manipulated fuel-economy data, forcing it to pull vehicles off the Japanese market. And just this month, Nissan recalled 1.2 million cars in Japan after regulators found that quality checks were performed improperly.

Kobe Steel has had previous problems with product-data integrity. In June last year, it said group company Shinko Wire Stainless falsified data about the strength of wire for over nine years. In 2006, the company said it falsified information about soot emissions at its Kakogawa steel factory over five years.

A shrinking steel business and higher raw-material costs helped drag Kobe Steel to a ¥23 billion (about $205 million) loss for the year ended in March.

Coach Inc. Adopts 'Tapestry' as Name To Broaden Brand

By Suzanne Kapner

The corporate name-change game has a new player: **Coach** Inc. is becoming **Tapestry** Inc., attempting to reflect the multiple brands, including Kate Spade, now under the company's umbrella.

Founded in 1941 as a maker of leather goods and accessories, Coach didn't acquire another company until 74 years later when it bought Stuart Weitzman, an upscale shoe brand. In July, it completed the purchase of **Kate Spade** & Co., a maker of handbags, apparel, shoes and other accessories that had participated in some renaming of its own.

Coach bags, accessories and stores will continue to carry the brand name. The change in the parent company's name is part of a strategy by Coach Inc. Chief Executive Victor Luis, who has set out to create an American luxury conglomerate modeled after **LVMH Moët Hennessy Louis Vuitton** SE and **Kering** SA, home to Gucci, Balenciaga and other European designer brands.

"As Coach Inc. moved from being just Coach the brand, we wanted a corporate name that would eliminate confusion and allow each of our brands to express their own narrative," Mr. Luis said in an interview Wednesday. "We wanted a name that would allow us to grow in the future and wouldn't limit us to a category or specific geography."

Coach's name change, which takes effect Oct. 31, is the latest in a long line of corporate rebranding efforts, some more successful than others.

Google Inc. restructured into **Alphabet** Inc. Tribune Publishing Co. was truncated to **Tronc** Inc. Philip Morris Co. morphed into **Altria Group** Inc. Pinault-Printemps Redoute abbreviated itself to PPR before adopting the entirely new name of Kering.

Liz Claiborne Inc. was rechristened **Fifth & Pacific** Inc. and then Kate Spade & Co. Designer Kate Spade herself, no longer affiliated with the company, changed her name to Kate Valentine to reflect her new shoe and handbag line, Frances Valentine.

Kroger Aims to Sell Convenience Stores

By Heather Haddon

Kroger Co. said it may sell its convenience stores and cut other costs, as the nation's largest traditional grocer battles Amazon.com Inc. and other new competitors.

The nearly 800 convenience stores, most of which sell gas, will likely fetch Kroger a higher return than profits delivered to the company currently, executives told investors at an annual meeting Wednesday at the New York Stock Exchange.

"It just looks like the economics make sense to do it," said Chief Executive Rodney McMullen in an interview. "It's obviously a decision you don't do lightly. The C-stores have been in the business for a long time."

The grocer has been trying to fend off competition from Amazon, other rivals.

Mr. McMullen said the move toward a sale was part of a routine analysis of the company's sprawling assets conducted several months ago, and not in response to Amazon's announcement it would buy Whole Foods Market in June. The e-commerce giant's most concerted play yet into grocery has upended the food retail industry.

Mr. McMullen said he didn't know if the company had bidders yet, nor did he say how long it would take to decide whether to sell. The grocer has hired **Goldman Sachs** & Co. to review options for the stores, operated in 18 states under 68 franchise operations, including Turkey Hill Minit Markets, Loaf 'N Jug, KwikShop, Tom Thumb and QuickStop.

The stores' 11,000 employees were notified of the possible sale, Kroger said.

The grocer's stock rose 1.2% Wednesday to $20.78. Kroger's stock has shed more than one-third of its value this year as investors worried about the company's plans for fending off competition from Amazon and others. Shares in many food sellers have tumbled since Amazon said it was buying Whole Foods this summer.

Selling the convenience stores could deprive Kroger of one means for reaching its goal of capturing more of the roughly $1.5 trillion spent in the U.S. each year on food and consumables. The stores generated $4 billion in revenue last year and have delivered more than five years of identical store-sales growth.

Convenience stores and other nontraditional retail outlets are one place consumers are buying more food instead of traditional grocery stores and, thanks in part to fuel sales and lower operating costs, convenience stores tend to have higher profit margins than traditional grocery stores.

But Kroger and other food retailers are cutting costs swiftly and abandoning plans to build new stores, investing instead in e-commerce offerings and other technologies. The company said Wednesday that it would roll out a system that allows customers to ring up their groceries through a wireless hand-held scanner. The system will be introduced to 400 stores by next year, up from 20 today.

"We need to move faster on digital," said Mr. McMullen.

Executives also said that, under a program dubbed "Restock Kroger," they will seek to sell more advertising, generate new income from a data-analytics division, rethink how to restock shelves and continue to cut prices on some items to avoid losing customers.

SEAN PROCTOR/BLOOMBERG NEWS

The company's stock has shed over one-third of its value this year.

DAVID GOLDMAN/ASSOCIATED PRESS

Delta reported quarterly results and said it expects to pay the contractual price for the 75 aircraft it has ordered from Bombardier.

Delta Dismisses Tariff Fear

Awaiting planes from Bombardier, airline says trade case against Canadian firm is weak

By Doug Cameron

Delta Air Lines Inc. said it doesn't expect to have to pay any tariffs on **Bombardier** Inc. jetliners it has on order despite recent U.S. trade action.

Trade officials in Washington have proposed tariffs that would potentially quadruple the price of Bombardier's CSeries planes for U.S. buyers after upholding a complaint from **Boeing** Co. that the Canadian aircraft maker benefited from unfair government subsidies. However, Delta Chief Executive Ed Bastian on Wednesday said Boeing's case is weak and deemed it is unlikely tariffs will be imposed.

He said on an earnings call that initial deliveries from Delta's 75-plane order slated for next spring could be delayed as it works through the issues with Bombardier, but the airline still expects to pay the contractual price.

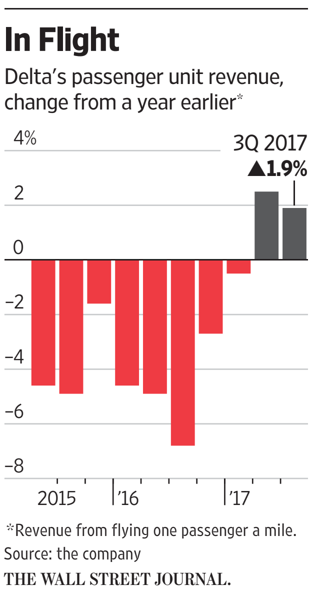
The tariff decision has fueled a trade spat between the U.S. and Canada, and Canadian Prime Minister Justin Trudeau said he raised the issue with President Donald Trump in a meeting at the White House on Wednesday.

Atlanta-based Delta has called for the case to be dropped, arguing that Boeing wasn't harmed as it didn't offer a competing jet. Canada and Montreal-based Bombardier have also rejected the U.S. claims. A U.S trade panel is due to rule in February on whether Boeing suffered any harm.

The tariffs would kick in if harm is found.

Mr. Bastian's comments came as Delta reported a better-than-expected quarterly profit and said the revenue environment was improving, even though recent hurricanes disrupted its network.

The airline opened the reporting season for what is traditionally the industry's busiest and most profitable quarter. However, airline stocks have slumped, as multiple weather disruptions and fare wars are expected to have depressed earnings.



Delta said its third-quarter profit fell to $1.18 billion from $1.26 billion a year earlier. Earnings per share slipped to $1.64 from $1.69, but the company's $1.57 adjusted figure was ahead of the $1.54 consensus among analysts polled by Thomson Reuters.

Delta reported its passenger unit revenue—a key industry metric—climbed 1.9% compared with last year's third quarter, a positive trajectory that it expects to continue. Unit revenue is forecast to rise by 2% to 4% in the fourth quarter, ahead of analysts' current expectations.

American Airlines Inc. and **United Continental Holdings** Inc. this week raised their guidance for average passenger revenue for the third quarter, sparking a rally in airline stocks. U.S. airline shares fell sharply during the summer as efforts to boost fares and profits faltered because of intensifying competition on some of the busiest domestic routes from ultra low-cost carriers such as Spirit Airlines Inc.

Budget Airlines Suffer Bruising Year

By Robert Wall

LONDON—European travelers haven't had an easy ride of late. Blame the discount carriers.

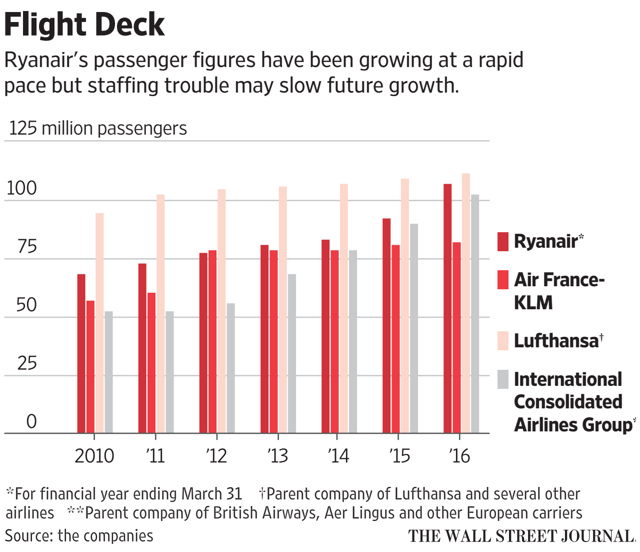
U.K. budget airline **Monarch Airlines** went belly up last week, stranding 100,000 mostly British passengers across Europe and triggering what the country's transport minister described as its biggest peacetime repatriation.

That came on top of an even bigger—if less dramatic—disruption. For weeks now, **Ryanair Holdings** PLC, the Irish discounter, has been canceling thousands of flights after it bungled vacation scheduling for its pilots.

It isn't just budget travelers feeling the pain. Ryanair, after years of supercharged growth, is now Europe's largest airline by passengers flown. Along with being used by tourists jetting off to the beach, it now carries an increasing number of business travelers across the Continent.

Ryanair flew 120 million customers in the year ended March 31, up from 42.5 million a decade ago. The next biggest single carrier, **Deutsche Lufthansa** AG, flew 62 million in its last full year. Ryanair has also come to dominate some national markets, accounting for 28% of all European Union flights starting or ending in Italy, for example.

Budget carriers overall now make up about 38% of all airline tickets sold in Europe, up from 30% 10 years ago, according to the International Air Transport Association. That translates into widespread pain when Ryanair or any of its smaller budget-carrier rivals hit operational headwinds.



Ryanair's run of recent cancellations make up just 2.5% of its schedule through March. Still, that translates to about 20,000 flights that have disappeared across Europe. Since the flight cancellations were announced, Ryanair's stock price has fallen 1.8%.

"For most people on a budget, looking to fly for business, you don't have much choice," said Karl Meyer, a marketing manager at GEANT, a European network for research collaboration based in Cambridge, England, and Amsterdam. Mr. Meyer's return flight from Budapest to London was scrapped earlier this month.

Elizabeth Leggat, a freelance theater director, was caught when Ryanair canceled her return flight from Krakow to London. Ryanair offered a return flight days later. Instead, she paid a last-minute fare, about seven times her original ticket price, on budget rival easyJet PLC, to keep from missing work.

All told, cancellations at Ryanair and Monarch have left more than one million European passengers trying to rearrange travel. The Ryanair cancellations, in particular, have incensed European governments.

Belgian Minister of Consumer Affairs Kris Peeters called them "outrageous." He said he was pursuing legal steps that could fine the airline for its actions unless it improves how it deals with customers. Italy's national aviation regulator is considering fining the airline for misleading customers. And Andrew Haines, the head of Britain's aviation regulator, said in a radio interview that he was "furious" about how the airline had handled the situation.

It has been an unusually tough year, anyway, for European commercial aviation. Italy's once-proud flagship carrier, Alitalia, went bust over the summer, partly under pressure from budget rivals, like Ryanair, which have swooped into Italy's domestic market. Alitalia is still flying while the government tries to sell it off.

Air Berlin, a budget carrier in Germany, filed for the equivalency of bankruptcy protection in August, forcing it to cancel some of the cheap, trans-Atlantic flights it had just started offering, including links between Berlin and Chicago, Los Angeles and San Francisco.

Ryanair's cancellations stemmed from what the airline said was an avoidable error in pilot-vacation planning. Its Irish regulator asked the airline to change its pilot-vacation periods starting next year. Because of a mix-up between the calendar year and Ryanair's fiscal year, the airline ended up having too few pilots available after the busy summer season.

Baker Hughes Explored Possible Takeover

By Dana Mattioli And Thomas Gryta

General Electric Co.'s **Baker Hughes** recently held takeover talks with energy-services company **Subsea 7** SA, according to people familiar with the matter.

The talks broke down over price, but it is possible they could be revived, one of the people said.

As of Tuesday, U.K.-based Subsea 7 had a market value of $5.4 billion. The company is a construction-and-services contractor for the offshore energy industry. Year to date, its stock price is up nearly 30%.

American depositary receipts of Subsea 7 closed 4.2% higher on Wednesday after The Wall Street Journal's report of the talks.

Baker Hughes—officially known as Baker Hughes, a GE Company—was formed in July when GE closed a deal to combine its oil-and-gas business with Baker Hughes Inc. The company, which has a $40 billion market value, is 62.5%-owned by GE and 37.5%-owned by Baker Hughes shareholders.

Earlier this year, Subsea 7 made a bid for the struggling operations of **EMAS Chiyoda Subsea** Ltd.—whose fleet of ships puts together offshore-drilling projects—under a proposal filed with a U.S. Bankruptcy Court.

The oil-field-services sector has been consolidating as boards of directors have identified greater scale as a way to advance. Baker Hughes, before merging with GE's oil-and-gas business, had agreed to merge with service company Halliburton Co., but that deal fell apart.

The industry has struggled since 2014 as oil prices fell from over $100 a barrel to less than $30. The price is now hovering around $50.

The industry shed tens of thousands of jobs during the slump and was forced to accept pricing cuts—sometimes more than 50%—from its customers. More than 200 oil-field-service companies went bankrupt.

On Monday, the Journal reported that offshore energy company Helix Energy Solutions Group Inc. is exploring a sale. In August, the Journal reported that Dover Corp. was exploring strategic options for most of its energy business.

Amazon Turns Allowance Into App

New program enables teens to shop while giving parents some degree of control

BY KATHERINE BINDLEY

RAQUEL MARIA CARBONELL PAGOLA/GETTY IMAGES

Though the Amazon program is intended for 13- to 17-year-olds, parents choose who gets a login.

Not so long ago, an allowance was something that involved a parent producing dollar bills from a wallet, and the child spending those dollars at the mall. That sounds quaint compared with Amazon.com Inc.'s new program, launched Wednesday, which lets parents manage—and fund—online-shopping accounts for their teens.

When parents create an account, tied to payment methods of their choice, they can invite up to four teen users to create unique logins and download the Amazon shopping app to their own devices.

"We know teens are all about their phones," said Michael Carr, vice president of Amazon Households. "It's basically hard to get them not to look at their phones and so it's going to be a mobile experience."

The teens get free rein to shop around—to a point. How much a teen is allowed to spend and what they buy can be, but doesn't have to be, parent-regulated.

Every time their teen places an order, parents who opted in will receive an approval request via text or email (though not from the Amazon app). The notification includes a description of the item, a picture and the total cost. By replying to the request, parents have the ability to grant or reject the potential purchase.

Family spending features aren't new to the tech giants: Alphabet Inc.'s Google introduced the Google Play Family Library last year and Apple Inc. has Family Sharing, which among other things lets parents approve digital-media purchases by their children. Amazon itself offers child-safe, all-you-can-eat media for its younger users in the form of its subscription FreeTime Unlimited plans, but it is venturing into new territory by allowing children to shop in the store.

"We're empowering the parents. So we're not going to try to make decisions for them," Mr. Carr said. "But we're going to give them the information they need to make those decisions."

Teens get the option to include a message (read: plea) with their request, such as "This is the game I was telling you about" or "Everyone in my school has this."

Parents wishing to experiment in exercises of trust can choose to give their teen a spending limit per order and opt out of the item-approval step altogether, leaving them with a notification that includes the details of what's been purchased.

Parents can't micromanage their teens' purchases further, however. There's no option, for instance, to specify that the virtual allowance can be spent only on books, not games.

Still, Mr. Carr said the program allows parents to be more aware of what their children are buying than they would be otherwise.

"The way it is today, parents have to give their teenager their credit card or their login details. They're really not in the loop on any of these things," he said.

If for some reason parents completely miss a no-no purchase, there's still recourse, Amazon said. Parents can "cancel and return any item in accordance with Amazon's policies."

Though the program is intended for 13- to 17-year-olds, it is the parents who ultimately choose who gets a login—Amazon isn't in the business of checking IDs.

"We're not going to bust into your house and try to verify the age of your kid," Mr. Carr said.

Ola Raises $1 Billion To Battle Rival Uber

BY NEWLEY PURNELL

NEW DELHI—India's rival to **Uber Technologies** Inc. is getting new ammunition for its fight with the global ride-hailing giant.

ANI Technologies Pvt.'s Ola said Wednesday it has raised $1.1 billion in a fundraising round led by **Tencent Holdings** Ltd., the Chinese company's first investment in the startup. **SoftBank Group** Corp. of Japan and new, unnamed U.S. investors also participated in the round, Ola said.

The Bangalore-based startup is in advanced talks with additional investors to raise a further $1 billion as part of the round, Ola said in a written statement.

The Wall Street Journal reported last week that Ola was in talks to raise as much as $2 billion.

Ola, which was founded in 2011, is in a fight with Uber for users in the world's second-most-populous country. It is a potentially lucrative market where millions of customers are getting online for the first time as inexpensive smartphones and internet connectivity proliferate.

Uber, which entered India two years after Ola, is focusing on emerging markets such as India after its move last year to sell its business in China to Didi Chuxing Technology Co.

Ola operates in 110 Indian cities, while Uber is in 29.

In the statement, Ola said it would use the new cash to build out its supply of vehicles and invest in new technologies. Ola offers cars and auto rickshaws, and provides in-car services such as music and video on tablet devices.

—Mayumi Negishi, Phred Dvorak and Alyssa Abkowitz contributed to this article.

Alibaba Plans Sharp Rise in R&D Spending

BY LIZA LIN

HANGZHOU, China—**Alibaba Group Holding** Ltd. says it will nearly triple spending on research and development to more than $15 billion over the next three years, as the Chinese e-commerce company seeks to keep pace with Western rivals such as **Alphabet** Inc. and **Amazon.com** Inc.

Alibaba started as an online marketplace but has since moved into cloud computing and artificial-intelligence initiatives. In the previous three years, its spending on R&D was about $6 billion—a fraction of what major U.S. technology companies spend.

As part of the spending initiative, Alibaba Chief Technology Officer Jeff Zhang will lead a new research unit called the DAMO Academy—an acronym for discovery, adventure, momentum and outlook—that will establish R&D labs world-wide, including one in cooperation with the University of California, Berkeley.

The academy will fund research into areas such as data analytics, quantum computing and machine learning.

"For any major internet company to remain competitive in the future, they will have to invest in these technologies," said Mark Natkin, managing director at Beijing-based consultancy Marbridge Consulting.

Alibaba's investment comes as the competition to attract the best talent ramps up. **Facebook** Inc., Amazon.com and Google parent Alphabet are increasing spending and racing to find and retain researchers in search of the next big breakthrough. According to corporate filings, Alphabet spent $13.9 billion on R&D in 2016, or about 16% of its revenue. Amazon spent $16 billion in the same period.

In contrast, Alibaba spent 17.1 billion yuan ($2.6 billion) on R&D in its financial year that ended in March, or about 11% of its 158.3 billion yuan in annual revenue.

Alibaba said it plans to hire 100 researchers for its new academy, which will open in seven locations, including two in the U.S.: San Mateo, Calif., and Bellevue, Wash.

In a speech in the company's headquarters city of Hangzhou, Alibaba Chairman Jack Ma paid tribute to the tech competitors that he is trying to outdo. "We'll learn from the work of IBM, Microsoft and Dell—but we'll walk our own path."

—Chuin-Wei Yap contributed to this article.

Tips to Tighten Slack Users' Skills

BY JOANNA STERN

The future of workplace communication is here. That means instant updates about the arrival of stale doughnuts from the conference room. Within seconds, I've got photographic proof (rainbow sprinkles!), doughnut emoji reactions and, of course, the obligatory Homer Simpson GIF.

Thank you, Slack—the best thing to happen to office chitchat since the water cooler. For the unfamiliar, Slack is an office-messaging service that lets co-workers communicate via group or private messages.

And while snack alerts are a very real thing, the platform is equally effective for collaborating on year-end reports, sales presentations, even Wall Street Journal articles and videos. You can create topic-specific channels where small teams within your organization can work together. Recently, the company released a feature designed for external collaboration—allowing you to add members from different organizations to chats.

With more than six million daily active users, Slack has filled a void between slow, text-heavy email and time-sucking meetings and conference calls. That is, if you can figure out how to master it. It's still a little tricky to use, so here are tips and shortcuts to help you get the most out of both the desktop and mobile apps.

While I recommend turning off social-media notifications, the same isn't true for Slack. Instead, you should spend time customizing notifications using Slack's very comprehensive controls.

DREW EVANS/THE WALL STREET JOURNAL

Slack is an office tool for sending group and private messages.

In the mobile app, head to Settings > Notifications. On desktop, click the down arrow in the upper left, then click Preferences > Notifications. Instead of getting an alert for every single new message in a group chat, I set it so I'm alerted only about direct messages, keywords or mentions of my name. In the same panel you can specify those keywords—a nickname or client name, for instance.

If there are important group chats where you want to be alerted to every message, go to that chat window in the desktop app and select the gear icon, then notification preferences. On mobile, tap the chat header to reach its settings. There you can specify alerts for all new messages (or just mentions of your name), and if you want those notifications to appear on mobile or desktop or both.

Speaking of phone vs. computer, Slack by default won't send you phone notifications unless the desktop app has been idle for two minutes. But you can change that in the mobile app by going to Settings > Notifications > Notify Me on Mobile.

After a few months of Slacking, your direct-message and channels lists can be longer than a Hollywood awards show.

The easiest way to find what you are looking for on the desktop app? Ctrl-K on a personal computer, which is Command-K on a Mac. This keyboard shortcut launches a quick search menu, so you can type the first letters of a name or group to jump there quickly.

For a list of Slack's other useful keyboard shortcuts, hit Ctrl-/ (Command-/ on a Mac).

I also suggest starring your most important chats so they sit at the top of your contact list. On mobile, select the contact or group, tap the screen header, then look for the star in the upper right. On desktop, the star is located in the top left of a chat message.

The real way to look like a Slack pro is to spice up your messages. A few quick tips to commit to memory:

• **Formatting text:** To make text bold, place *asterisks on either side of your word or phrase*. To italicize, _use underscores_. To generate strikethrough text, ~use tildas~.

• **Adding GIFs:** Type / (or tap the / button in the app), then type "GIFs" (don't forget the S at the end) and then a search term. Select the funniest GIF from the selections that pop up. (Typing / in the chat window will also bring up some other shortcuts.)

• **React with emojis:** Not everything needs a written response. On desktop, hover over a message and select the little emoji icon. Then select an emoji and it will appear below the message, similar to a **Facebook** like. On mobile, tap the specific message to find the emoji icon.

Check out my video for more hidden tricks, including the ability to make your own emoji.

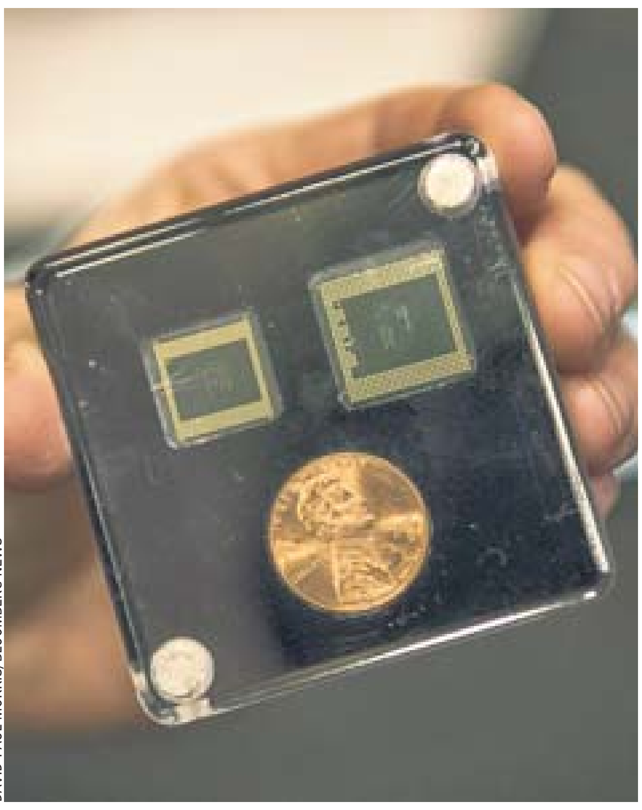
My last trick I impart with caution.

Type @everyone or @channel in a group chat, and it will alert everyone in the channel. It's a good way to get everyone's attention about something important.

And no, the arrival of stale doughnuts doesn't merit an @everyone. Fresh-baked doughnuts, on the other hand...

In her "You Got This" video series, Joanna offers quick mobile tips meant to be watched right on your phone.

BUSINESS NEWS


DAVID PAUL MORRIS/BLOOMBERG NEWS

Qualcomm's intellectual-property business is a big profit maker.

Qualcomm Draws Fine in Taiwan

By Ted Greenwald

Qualcomm Inc. was fined about $773 million by the Taiwanese government, the latest setback as the chip maker defends its patent-licensing business against an international wave of regulatory and legal challenges.

In a filing Wednesday, the Taiwanese Fair Trade Commission ruled that Qualcomm violated the country's laws by licensing its patents unfairly. Qualcomm, in a statement, said it plans to appeal.

Qualcomm is the dominant supplier of chips for smartphones. Its intellectual-property business, though, is far more profitable, accounting for roughly 80% of the company's pretax profit last year.

As an owner of patents deemed essential to cellular communications, Qualcomm is required to license its intellectual property on fair and reasonable terms.

How the company does so has come under fire. For instance, Qualcomm bases its royalty rate on the price of a whole device rather than that of its chips, and it licenses its essential patents only along with its entire patent portfolio.

"Their model is under real pressure," said Rufus Pichler, a partner at Morrison & Foerster LLP, a law firm specializing in intellectual-property issues. "These antitrust rulings have two elements. One is the fine for conduct in the past, but the other is making changes to fix it going forward."

Qualcomm didn't respond to requests for comment.

The San Diego-based company's shares, which have fallen 17% this year, rose less than a percentage point to $54.12 on Wednesday.

In Taiwan, sales accounted for 12% of Qualcomm's revenue in 2016.

The fine from the country's government follows similar regulatory actions in the U.S., South Korea and China.

In January, the U.S. Federal Trade Commission sued Qualcomm, alleging the company engaged in unlawful tactics to maintain a monopoly on cellular-communications chips.

The company has said the suit is based on flawed legal theory and misconceptions about its business.

Qualcomm's royalty rate is based on the price of a device, rather than its chips.

The European Commission also is investigating Qualcomm's business practices.

In late 2016, the South Korean Fair Trade Commission fined the company $853 million for alleged antitrust violations, the highest such penalty brought against a single company there.

The previous year, Qualcomm said it would pay a $975 million fine in China. The company also agreed to modify some of its patent-licensing practices in that country. However, its basic approach to patent licensing remained intact.

Qualcomm also is embroiled in a tangle of bitter lawsuits with Apple Inc. and the companies it has contracted to manufacture iPhones, which are based in Taiwan.

BUSINESS WATCH

FACEBOOK

Zuckerberg Wants 1 Billion People in VR

Facebook Inc. Chief Executive Mark Zuckerberg announced an ambitious goal of getting a billion people into virtual reality and said he wants to ensure the technology is "a force for good."

The comments, made Wednesday at Facebook's annual Oculus Connect developers' conference, conveyed a different tone for the CEO: anticipating the negative ways a new technology can be used, ahead of its widespread use. They follow a torrent of criticism leveled at Facebook for its hands-off policy on controversial information ranging from the live broadcasting of murders and suicides on its app, to its display of ads and content intended to sow social discord.

His remarks also followed his apology Tuesday over a Facebook post in which he took a virtual-reality tour of the aftermath of the recent hurricane in Puerto Rico. The video was meant to illustrate the power of VR but backfired, as he and another employee congratulated each other on the cool tech.

In the keynote to the conference, Mr. Zuckerberg unveiled Oculus Go, a stand-alone, lower-priced headset Facebook said it was working on a year ago. The headset has a $199 price tag and is to be shipped early next year.

—Betsy Morris

J. JILL

Comparable Sales Expected to Fall

Women's clothing retailer **J. Jill** Inc. on Wednesday painted a bleak picture for its October quarter, blaming sluggish sales and traffic on "product and marketing calendar issues."

J. Jill said it expects comparable sales, a closely watched metric in the sector, to fall 3% to 5% in the third quarter, compared with its earlier view of a percentage increase in the high single digits. The comparable-sales decline would be the first in about three years, according to company regulatory filings.

The retailer also halved its forecast on adjusted per-share earnings to between 8 cents and 10 cents.

Shares in J. Jill, which completed an initial public offering earlier this year, plunged nearly 38% after hours to $6.17. The company had a market capitalization of $434.4 million through Wednesday's close and its stock has been largely trading below its offering price of $13 a share.

—Maria Armental

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:
LEHMAN BROTHERS U.K. HOLDINGS (DELAWARE) INC. and LEHMAN PASS-THROUGH SECURITIES INC.,
Debtors.[1]

Chapter 11
Case No. 17-12442 (SCC)
(Jointly Administered)

NOTICE OF DEADLINES REQUIRING FILING OF PROOFS OF CLAIM AND NOTICES OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

To all persons and entities with claims against or executory contracts with a debtor set forth below (the "**Debtors**"):

Name of Debtor	Case Number	Tax ID Number (Last four digits)
Lehman Brothers U.K. Holdings (Delaware) Inc.	17-12442 (SCC)	5453
Lehman Pass-Through Securities Inc.	17-12443 (SCC)	6210

IF YOU DO NOT HAVE A CLAIM AGAINST OR A CONTRACT WITH LEHMAN BROTHERS U.K. HOLDINGS (DELAWARE) INC. OR LEHMAN PASS-THROUGH SECURITIES INC., THIS NOTICE DOES NOT APPLY TO YOU.

THE ORDER ENTERED IN THIS CASE DOES NOT EXTEND A DEADLINE FOR PARTIES TO FILE CLAIMS IN ANY OTHER CASE AGAINST ANY OTHER DEBTOR.

The United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") has entered an order (the "**Bar Date Order**") establishing **November 14, 2017 at 5:00 p.m. (Eastern Time)** (the "**Bar Date**") as the last date and time for all persons or entities, including, without limitation, individuals, partnerships, corporations, joint ventures, and trusts, other than governmental units (as defined in section 101(27) of the Bankruptcy Code), to file a proof of claim against any of the above-listed debtors.

The Bar Date and the procedures set forth below for filing proofs of claim apply to all claims against the Debtors that arose prior to August 31, 2017 (the "**Petition Date**"), the date on which the Debtors commenced cases under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"), except for those holders of the claims listed in Section 4 below that specifically are excluded from the Bar Date filing requirement.

Additionally, the Bar Date Order provides that **November 14, 2017 at 5:00 p.m. (Eastern Time)** (the "**Contract Notice Deadline**") is the last date and time for all persons and entities, including, without limitation, individuals, partnerships, corporations, joint ventures, and trusts, including governmental units (as defined in section 101(27) of the Bankruptcy Code), to file a notice of executory contract or unpaid lease in respect of an executory contract or unexpired lease to which such person or entity and a Debtor are parties, unless such executory contract or unexpired lease has been scheduled on the applicable Debtors' Schedule G (Executory Contracts and Unexpired Leases) filed concurrently herewith.

Governmental units may have until **February 27, 2018 at 5:00 p.m. (Eastern Time)** (the "**Governmental Bar Date**" and, together with the Bar Date and Contract Notice Deadline, the "**Bar Dates**") to file proofs of claim against the Debtors.

A. PROOFS OF CLAIM

1. WHO MUST FILE A PROOF OF CLAIM

You MUST file a proof of claim to vote on a chapter 11 plan filed by the Debtors or to share in distributions from the Debtors' bankruptcy estates if you have a claim that arose prior to the Petition Date and it is not one of the types of claims described in Section 4 below. Claims based on acts or omissions of the Debtors that occurred before the Petition Date must be filed on or prior to the Bar Date, even if such claims are not now fixed, liquidated, or certain or did not mature or become fixed, liquidated, or certain before the Petition Date.

Under section 101(5) of the Bankruptcy Code and as used in this Notice, the word "claim" means: (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

2. WHAT TO FILE

The Debtors are enclosing a proof of claim form for use in these cases; if your claim is listed on the schedules of assets and liabilities filed by the Debtors (collectively, the "**Schedules**"), the proof of claim form also sets forth the amount of your claim as listed on the Schedules, the specific Debtor against which the claim is scheduled, and whether the claim is scheduled as "disputed," "contingent," or "unliquidated." You will receive a different proof of claim form for each claim listed in your name on the Schedules. You may utilize the proof of claim form(s) provided by the Debtors to file your claim. Additional proof of claim forms may be obtained at (i) the website established by the Debtors' Court-approved claims and noticing agent, Epiq Bankruptcy Solutions, LLC ("**Epiq**"), located at http://dm.epiq11.com/LUK, or (ii) the Bankruptcy Court's website located at www.uscourts.gov/forms/bankruptcy-forms.

All proofs of claim must be **signed** by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant. It must be written in English and be denominated in United States currency (using the exchange rate, if applicable, as of the Petition Date). You must set forth with specificity the legal and factual bases for your claim. You also should attach to your completed proof of claim any documents on which the claim is based (if voluminous, attach a summary) or explanation as to why the documents are not available.

Your proof of claim **must not** contain complete social security numbers or taxpayer identification numbers (only the last four digits), a complete birth date (only the year), the name of a minor (only the minor's initials), or a financial account number (only the last four digits of such account number).

Any holder of a claim against more than one Debtor must file a separate proof of claim with respect to each such Debtor any all holder of a claim must identify on its proof of claim the specific Debtor against which its claim is asserted and the case number of that Debtor's bankruptcy case. A list of the Debtors and their respective case numbers is set forth above on the first page of this Notice.

3. WHEN AND WHERE TO FILE

Except as provided for herein, all proofs of claim must be filed **so as to be received on or before November 14, 2017 at 5:00 p.m. (Eastern Time)** as follows:

IF BY FIRST CLASS MAIL: Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, P.O. Box 4412, Beaverton, OR 97079-4412. **IF BY OVERNIGHT DELIVERY:** Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, 10300 SW Allen Blvd, Beaverton, OR 97005. **IF BY HAND:** Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, 10300 SW Allen Blvd, Beaverton, OR 97005 -or- United States Bankruptcy Court, Southern District of New York, One Bowling Green, Room 534, New York, New York 10004-1408.

IF ELECTRONICALLY: The website established by Epiq located at http://dm.epiq11.com/LUK under the link entitled "Submit a Claim" (the "**Electronic Filing System**"). Proofs of claim will be deemed filed only when received at the addresses listed above or via the Electronic Filing System on or before the Bar Date. Proofs of claim may not be delivered by facsimile, telecopy, or electronic mail transmission.

4. WHO NEED NOT FILE A PROOF OF CLAIM

You do **not** need to file a proof of claim on or prior to the Bar Date if you are:

a. any person or entity that has already filed a Proof of Claim against the Debtors in the above-captioned chapter 11 cases in a form substantially similar to Official Bankruptcy Form 410 and in compliance with paragraphs 6, 7, and 7 above;
b. any person or entity holding a claim that is listed on the Schedules; provided that (1) the claim is not scheduled as "disputed," "contingent," or "unliquidated"; (2) the claimant does not disagree with the amount, nature or priority of the claim as set forth in the Schedules; and (3) the claimant does not dispute that the claim is an obligation of the specific Debtor against which the claim is listed on the Schedules;
c. any holder of a claim that has been allowed by order of this Court entered on or before the applicable Bar Date;
d. Brookfield LUK Holdings LLC, Brookfield LPTSI Holdings LLC, Brookfield Asset Management Inc., Brookfield Asset Management, LLC, Brookfield Property Group, BPY Bermuda Holdings II Limited, BPY Bermuda Holdings Limited, Brookfield BPY Retail Holdings II Inc., Brookfield BPY Holdings Inc., BPY Bermuda Holdings IV Limited, and BPY Bermuda Holdings V Limited, for any and all claims assertable, related to, or in connection with, that certain *Stock and Note Purchase Agreement* dated July 19, 2017 or that certain *Governance Agreement* dated August 10, 2017;
e. any current or former officer, manager, director, or employee for claims based on indemnification, contribution, or reimbursement;
f. any person or entity holding a claim that has been paid in full; and
g. any holder of a claim allowable under section 503(b) and 507(a)(2) of the Bankruptcy Code as an administrative expense (other than a holder of a claim under section 503(b)(9)).

If you are a holder of equity security interests in the Debtors, you need not file a proof of interest with respect to the ownership of such equity interest at this time; provided, that if you assert a claim against the Debtors (including a claim relating to an equity interest or the purchase or sale of such equity interest), a proof of such claim must be filed on or prior to the Bar Date pursuant to the procedures set forth in this Notice.

This Notice may be sent to many persons and entities that have had some relationship with or have done business with the Debtors but may not have an unpaid claim against the Debtors. The fact that you have received this Notice does not mean that you have a claim or that the Debtors or the Bankruptcy Court believe that you have a claim against the Debtors.

5. CLAIMS ARISING FROM EXECUTORY CONTRACTS AND UNEXPIRED LEASES THAT HAVE ALREADY BEEN REJECTED IN THESE CHAPTER 11 CASES

If you hold a claim arising out of the rejection of an executory contract or unexpired lease as to which the order authorizing such rejection is dated on or before September 20, 2017, the date of entry of the Bar Date Order, you must file a proof of claim by the Bar Date. If you have a claim arising from the rejection of an executory contract or unexpired lease, to which the order is dated after the date of entry of the Bar Date Order, you must file a proof of claim with respect to such claim by the dated fixed by the Bankruptcy Court in the applicable order authorizing rejection of such contract or lease.

6. CONSEQUENCES OF FAILURE TO FILE A PROOF OF CLAIM BY THE BAR DATE

ANY HOLDER OF A CLAIM THAT IS NOT EXEMPTED FROM THE REQUIREMENTS OF THE BAR DATE ORDER, AS SET FORTH IN SECTION 4 ABOVE, AND THAT FAILS TO TIMELY FILE A PROOF OF CLAIM IN THE APPROPRIATE FORM SHALL BE FOREVER BARRED FROM SO DOING AND SHALL NOT BE TREATED AS A CREDITOR WITH RESPECT TO SUCH CLAIM FOR THE PURPOSES OF VOTING ON ANY PLAN OF REORGANIZATION FILED IN THESE CASES AND PARTICIPATING IN ANY DISTRIBUTION IN THE DEBTORS' CASES ON ACCOUNT OF SUCH CLAIM.

7. THE DEBTORS' SCHEDULES AND ACCESS THERETO

You may be listed as a holder of a claim against one or more of the Debtors in the Debtors' Schedules.

To determine if and how you are listed on the Schedules, please refer to the descriptions set forth on the enclosed proof of claim form(s) regarding the nature, amount, and status of your claim(s). If you received postpetition payments from the Debtors (as authorized by the Bankruptcy Court) on account of your claim(s), the enclosed proof of claim form will reflect the net amount of your claim(s). If the Debtors believe that you hold claims against more than one Debtor, you will receive multiple proof of claim forms, each of which will reflect the nature and amount of your claim against one Debtor, as listed in the Schedules.

If you rely on the Debtors' Schedules and/or the enclosed proof of claim form(s), it is your responsibility to determine that the claim accurately is listed on the Schedules.

As set forth above, if you agree with the nature, amount, and status of your claim as listed in the Debtors' Schedules, and if you do not dispute that your claim only is against the Debtor specified by the Debtors, and if your claim is not described as "disputed," "contingent," or "unliquidated," you need not file a proof of claim. Otherwise, or if you decide to file a proof of claim, you must do so before the Bar Date, in accordance with the procedures set forth in this Notice.

Copies of the Debtors' Schedules are available for inspection on the Bankruptcy Court's electronic docket for the Debtors' chapter 11 cases, which is posted on (i) the website established by Epiq for the Debtors' cases at http://dm.epiq11.com/LUK and (ii) on the Court's website at http://www.nysb.uscourts.gov. A login and password to the Bankruptcy Court's Public Access to Electronic Records ("**PACER**") are required to access this information and can be obtained through the PACER Service Center at http://www.pacer.gov. Copies of the Schedules also may be examined between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday at the Office of the Clerk of the Bankruptcy Court, located at One Bowling Green, Room 534, New York, New York 10004-1408. Copies of the Debtors' Schedules also may be obtained by request to Epiq at the address and telephone number set forth below:

If by First-Class Mail: Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, P.O. Box 4412, Beaverton, OR 97079-4412, Telephone: 1-866-879-0688. If by Hand Delivery or Overnight Mail: Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, 10300 SW Allen Blvd, Beaverton, OR 97005.

B. NOTICES OF EXISTENCE OF CONTRACTS OR UNEXPIRED LEASES

1. WHO MUST FILE A CONTRACT NOTICE

Each person or entity (including, without limitation, individuals, partnerships, corporations, joint ventures, trusts, and governmental units, as defined in section 101(27) of the Bankruptcy Code) that is party to an executory contract or unexpired lease to which a Debtor is also a party must file a notice of executory contract or unexpired lease (the "**Contract Notice**").

2. WHEN AND WHERE TO FILE

Except as provided for herein, all Contract Notices must be filed **so as to be received on or before November 14, 2017 at 5:00 p.m. (Eastern Time)** as follows:

IF BY FIRST CLASS MAIL: Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, P.O. Box 4412, Beaverton, OR 97079-4412. **IF BY OVERNIGHT DELIVERY:** Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, 10300 SW Allen Blvd, Beaverton, OR 97005. **IF BY HAND:** Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, 10300 SW Allen Blvd, Beaverton, OR 97005 -or- United States Bankruptcy Court, Southern District of New York, One Bowling Green, Room 534, New York, New York 10004-1408.

IF ELECTRONICALLY: The website established by Epiq located at http://dm.epiq11.com/LUK under the link entitled "Submit a Contract Notice." A Contract Notice shall be deemed filed only when received at the addresses listed above or via the Electronic Filing System on or before the Bar Date. A Contract Notice may not be delivered by facsimile, telecopy, or electronic mail transmission.

3. WHO NEED NOT FILE A CONTRACT NOTICE

You do not need to file a Contract Notice on or prior to the Bar Date if you are a party to an executory contract or unexpired lease scheduled on the applicable Debtor's Schedule G (Executory Contracts and Unexpired Leases) filed concurrently herewith, solely with respect to such executory contracts or unexpired leases.

This Notice may be sent to many persons and entities that have had some relationship with or have done business with the Debtors but may not have an executory contract or unexpired lease with the Debtors. The fact that you have received this Notice does not mean that you have an executory contract or unexpired lease or that the Debtors or the Bankruptcy Court believe that you have an executory contract or unexpired lease with the Debtors.

4. CONSEQUENCES OF FAILURE TO FILE A CONTRACT NOTICE BY THE CONTRACT NOTICE DEADLINE

ANY PARTY TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE WITH A DEBTOR THAT IS REQUIRED TO FILE A CONTRACT NOTICE BUT FAILS TO TIMELY FILE SUCH NOTICE SHALL BE FOREVER BARRED FROM SO DOING AND SHALL NOT BE TREATED AS A PARTY TO SUCH EXECUTORY CONTRACT OR UNEXPIRED LEASE WITH SUCH DEBTOR FOR THE PURPOSES OF ASSUMPTION, REJECTION, ASSUMPTION AND ASSIGNMENT, OR DISTRIBUTIONS ON ACCOUNT OF SUCH CONTRACT OR LEASE IN THE DEBTORS' CHAPTER 11 CASES.

5. THE DEBTORS' SCHEDULES AND ACCESS THERETO

You may be listed as a party to an executory contract or unexpired lease with one or more of the Debtors in the Debtors' Schedules.

To determine if and how you are listed on the Schedules, please refer to Schedule G (Executory Contracts and Unexpired Leases) filed concurrently herewith.

If you rely on the Debtors' Schedules, it is your responsibility to determine that the executory contract or unexpired lease is accurately listed on the Schedules.

As set forth above, if you are a party to an executory contract or unexpired lease scheduled on the applicable Debtor's Schedule G, you need not file a Contract Notice. Otherwise, you must do so before the Contract Notice Deadline, in accordance with the procedures set forth in this Notice.

Copies of the Debtors' Schedules are available for inspection on the Bankruptcy Court's electronic docket for the Debtors' chapter 11 cases, which is posted on (i) the website established by Epiq for the Debtors' cases at http://dm.epiq11.com/LUK and (ii) on the Court's website at http://www.nysb.uscourts.gov. A login and password to the Bankruptcy Court's PACER are required to access this information and can be obtained through the PACER Service Center at http://www.pacer.gov. Copies of the Schedules also may be examined between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday at the Office of the Clerk of the Bankruptcy Court, located at One Bowling Green, Room 534, New York, New York 10004-1408. Copies of the Debtors' Schedules also may be obtained by request to Epiq at the address and telephone number set forth below:

If by First-Class Mail: Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, P.O. Box 4412, Beaverton, OR 97079-4412, Telephone: 1-866-879-0688. If by Hand Delivery or Overnight Mail: Lehman Brothers U.K. Holdings (Delaware) Inc. and Lehman Pass-Through Securities Inc., c/o Epiq Bankruptcy Solutions, LLC, 10300 SW Allen Blvd, Beaverton, OR 97005.

A holder of a potential claim against the Debtors or a putative party to an executory contract or unexpired lease should consult an attorney regarding any matters not covered by this Notice, such as whether such person should file a proof of claim or a notice of executory contract or unexpired lease.

Dated: New York, New York
September 27, 2017

BY ORDER OF THE COURT

WEIL, GOTSHAL & MANGES LLP, 767 Fifth Avenue, New York, New York 10153, Telephone: (212) 310-8000, Facsimile: (212) 310-8007, Garrett A. Fail, Jacqueline Marcus , Matthew S. Barr.
Proposed Attorneys for Debtors and Debtors in Possession

[1] The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are Lehman Brothers U.K. Holdings (Delaware) Inc. (5453) and Lehman Pass-Through Securities Inc. (6210). The Debtors' mailing address is 277 Park Avenue, 46th Floor, New York, New York 10172.

CLASS ACTIONS

Legal Notice

If You Were a Retail Electricity Customer of the Los Angeles Department of Water and Power from January 29, 2012 to September 14, 2017, This Class Action Settlement May Affect Your Rights.

A settlement has been reached with the City of Los Angeles (the "City"), the Los Angeles Department of Water and Power ("LADWP"), and the LADWP Board of Water and Power Commissioners (together, "Defendants") in a class action lawsuit claiming LADWP has embedded in its power (electric) rates an 8% surcharge in order to fund transfers to the City's Reserve Fund. The Plaintiffs claim that the 8% surcharge is a tax that has not been approved by the electorate and, thus, violates California Constitution article XIII-C, section 2, subdivision (b) and/or (d), and Government Code sections 53722 and/or 53723. Defendants deny the allegations, and the Court has not decided who is right. Instead, the parties agreed to a settlement to avoid the expense and risk of continued litigation.

Who is included?

You are included in the settlement as a "Settlement Class Member" if you, between January 29, 2012 and September 14, 2017, held a retail customer account with LADWP in which there was a charge for electricity.

What can you get?

The City has agreed to create a Settlement Fund, which is currently estimated to be Fifty-Two Million Dollars ($52,000,000). After administrative expenses, attorney's fees and expenses of up to 29% of the Settlement Fund, service awards in the amount of $5,000 to each of the four Class Representatives, and a $650,000 payment to non-profit charitable organization(s) are paid from the Settlement Fund, the balance will be distributed as a per kilowatt-hour credit to the electric rates of LADWP retail electricity customers. The City and LADWP have also agreed to deduct 8% from the amounts otherwise charged to LADWP retail electricity customers pursuant to its 2016 Electric Rate Ordinance and will no longer transfer any funds LADWP collects through the 2016 Electric Rate Ordinance to the City. Please see the Detailed Notice and/or the Settlement Agreement available at **www.LACityTransferSettlement.com**.

Your options.

If you do nothing, you are staying in the Settlement, your rights will be affected, and, if you are a LADWP retail electricity customer during the first billing period after the Settlement is finally approved by the Court, you will receive the benefits described above. If you do not want to be legally bound by the Settlement, you must exclude yourself from it by December 27, 2017. Unless you exclude yourself, you will not be able to sue or continue to sue Defendants for any legal claim resolved by this Settlement and released by the Settlement Agreement. If you do not exclude yourself, you may object. Objections are due December 27, 2017. More information, including the Settlement Agreement, a Detailed Notice, and instructions on how to exclude yourself or object, is available at **www.LACityTransferSettlement.com**.

The Court's hearing.

The Court will hold a hearing in this case (*Eck v. The City of Los Angeles*, No. BC577028) at 9:00 a.m. on February 14, 2018 at the Los Angeles Superior Court, Central Civil West Courthouse, 600 South Commonwealth Ave., Los Angeles, California 90005. At this hearing, the Court will decide whether to approve: the Settlement; Class Counsel's request for attorneys' fees and expenses; and service awards to the Class Representatives. You or your lawyer may appear at the hearing at your own expense.

www.LACityTransferSettlement.com
1-877-306-5238

FINANCE WATCH

CREDIT MARKETS

China Returns to Global Bond Arena

The Chinese government announced plans to raise $2 billion from international debt markets, its first such sale in over a decade.

China's Ministry of Finance said Wednesday that it intends to launch an offering of U.S. dollar sovereign bonds in Hong Kong in coming days. Half of the $2 billion in debt will consist of five-year bonds and the other half will be 10-year bonds, it said.

Sovereign-bond yields have tumbled to multiyear lows. If China can borrow from global markets at very low interest rates, it could signal investors' confidence in China's financial system after sovereign-debt rating downgrades by international ratings firms this year.

—Manju Dalal

HEDGE FUNDS

Executive Shah Leaves Bridgewater

Bridgewater Associates LP parted ways with a longtime executive who served as a public face of the firm, as the world's largest hedge fund undergoes a management shake-up.

Parag Shah agreed recently to step aside, according to people familiar with the matter. He had been at Westport, Conn.-based Bridgewater since 2002, most recently as head of marketing. People close to Bridgewater say he has been equivalent to an investor-relations executive.

He was part of the management team that interacted with some of the hedge fund's most important clients, which include public pension funds and other deep pools of money. Mr. Shah, 37 years old, has also for years been a frequent spokesman for Bridgewater in the media and was close with billionaire founder Ray Dalio.

The Wall Street Journal has reported that Bridgewater, with $160 billion under management, is undergoing what Mr. Dalio terms a "renovation" of its processes and leadership. Former Treasury Department official David McCormick was promoted to co-chief executive earlier this year, making him Bridgewater's fifth CEO since the start of 2016.

—Rob Copeland

Biggest 1,000 Stocks | WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
▲-New 52-week high.
▼-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, October 11, 2017

NYSE

Stock	Sym	Close	Net Chg
ABB	ABB	25.17	0.09
AES	AES	11.27	0.02
Aflac	AFL	83.88	0.26
AGCO	AGCO	74.72	0.17
AT&T	T	38.19	-0.31
AbbottLabs	ABT	54.44	-0.96
▲ AbbVie	ABBV	92.38	1.21
Accenture	ACN	136.91	-0.61
AcuityBrands	AYI	165.06	-3.73
Adient	ADNT	84.49	0.28
AdvanceAuto	AAP	89.40	-2.44
AdvSemiEngg	ASX	6.34	0.02
Aegon	AEG	5.68	0.02
AerCap	AER	52.00	-0.05
Aetna	AET	156.30	0.70
AffiliatedMgrs	AMG	194.56	-0.66
▲ AgilentTechs	A	66.62	0.02
AgnicoEagle	AEM	46.25	0.30
Agrium	AGU	106.50	0.72
AirProducts	APD	152.93	-0.26
AlaskaAir	ALK	81.52	0.84
Albemarle	ALB	137.42	-0.35
Alcoa	AA	46.94	0.05
AlexandriaRealEst	ARE	122.51	0.70
▲ Alibaba	BABA	184.69	1.57
Alleghany	Y	545.48	1.74
▲ Allegion	ALLE	88.15	0.34
Allergan	AGN	206.61	-0.81
AllianceData	ADS	224.80	-1.79
AllianceBernstein	AB	25.25	0.40
AlliantEnergy	LNT	42.66	0.32
Allstate	ALL	93.09	-0.24
AllyFinancial	ALLY	24.35	-0.13
▼ AlticeUSA	ATUS	25.86	-0.89
Altria	MO	64.87	-0.14
AlumofChina	ACH	21.81	-0.82
Ambev	ABEV	6.79	0.05
Ameren	AEE	59.78	-0.08
AmericaMovil	AMX	17.54	0.11
AmericaMovil A	AMOV	17.33	0.06
AmCampus	ACC	45.12	0.37
AEP	AEP	72.76	0.37
▲ AmericanExpress	AXP	91.96	0.07
AmericanFin	AFG	104.86	-0.71
AIG	AIG	61.84	0.06
AmerTowerREIT	AMT	137.93	0.84
▲ AmerWaterWorks	AWK	84.44	0.37
Amerigas	APU	44.96	0.25
Ameriprise	AMP	151.83	0.58
AmerisourceBrgn	ABC	80.32	0.77
Ametek	AME	66.97	-0.19
Amphenol	APH	86.78	-0.24
AnadarkoPetrol	APC	48.39	-0.02
Andeavor	ANDV	106.42	0.09
AB InBev	BUD	124.18	0.08
AnnalyCap	NLY	12.06	...
AnteroMidstream	AM	31.52	0.01
AnteroResources	AR	20.21	-0.13
Anthem	ANTM	189.89	1.25
Aon	AON	147.77	0.14
Apache	APA	41.96	-0.50
ApartmtInv	AIV	44.97	0.28
ApolloGlobalMgmt	APO	30.91	0.08
▲ AquaAmerica	WTR	34.70	0.11
▲ Aramark	ARMK	41.97	0.43
ArcelorMittal	MT	26.47	0.29
ArcherDaniels	ADM	43.29	0.28
Arconic	ARNC	27.35	-0.04
AristaNetworks	ANET	192.95	0.13
ArrowElec	ARW	82.87	0.27
AstraZeneca	AZN	34.59	-0.04
Athene	ATH	54.75	-0.27
AtmosEnergy	ATO	86.20	0.31
Autohome	ATHM	61.82	-0.26
Autoliv	ALV	127.03	-0.34
AutoZone	AZO	588.56	0.99
Avalonbay	AVB	179.98	1.48
Avangrid	AGR	48.25	0.37
AveryDennison	AVY	101.21	0.42
AxaltaCoating	AXTA	28.57	-0.19
BB&T	BBT	47.35	-0.36
BCE	BCE	47.23	0.23
BHPBilliton	BHP	40.92	-0.61
BHPBilliton	BBL	36.16	-0.61
BP	BP	38.85	0.04
BRF	BRFS	14.73	0.02
BT Group	BT	18.56	-0.09
BWX Tech	BWXT	58.97	-0.07
BakerHughes	BHGE	34.39	-0.58
Ball	BLL	42.30	-0.20
BancoBilbaoViz	BBVA	8.73	...
▲ BancodeChile	BCH	94.78	-0.72
▲ BancoMacro	BMA	123.23	-0.39
▲ BcoSantChile	BSAC	30.95	-0.05
BancoSantander	SAN	6.70	-0.12
BanColombia	CIB	44.36	-0.26
BankofAmerica	BAC	25.83	-0.10
▲ BankofMontreal	BMO	78.09	0.69
▲ BankNY Mellon	BK	54.88	0.22
▲ BkNovaScotia	BNS	64.95	0.40
Barclays	BCS	10.09	-0.02
Bard CR	BCR	321.58	1.60
BarrickGold	ABX	16.76	0.11
BaxterIntl	BAX	62.01	0.30
BectonDickinson	BDX	197.51	1.22
Berkley	WRB	67.29	-0.07
BerkHathwy A	BRK.A	281085	-865.00
BerkHathwy B	BRK.B	187.46	-0.54
BerryGlobal	BERY	58.96	-0.14
BestBuy	BBY	55.47	-1.70
Bio-RadLab A	BIO	223.77	1.10
Bio-RadLab B	BIO.B	223.77	-4.24
▲ BlackKnight	BKI	44.55	0.05
▲ BlackRock	BLK	473.93	8.44
BlackstoneGroup	BX	33.19	0.11
BoardwalkPipe	BWP	15.05	0.18
▲ Boeing	BA	261.44	0.51
BorgWarner	BWA	52.01	0.02
BostonProperties	BXP	128.28	1.18
BostonScientific	BSX	29.27	-0.07
Braskem	BAK	28.77	0.18
▲ Bristol-Myers	BMY	65.11	-0.02
BritishAmTob	BTI	64.80	0.06
BrixmorProp	BRX	18.80	0.01
BroadridgeFinl	BR	82.00	0.05
▲ BrookfieldMgt	BAM	42.55	0.27
BrookfieldInfr	BIP	43.21	0.23
Brown&Brown	BRO	48.89	-0.05
Brown-Forman A	BF.A	56.25	0.61
Brown-Forman B	BF.B	55.30	0.37
BuckeyePtrs	BPL	57.82	-0.02
Bunge	BG	67.74	-0.10
BurlingtonStores	BURL	92.57	0.18
CBD Pao	CBD	25.39	0.11

Stock	Sym	Close	Net Chg
▲ CBRE Group	CBG	39.23	0.17
CBS B	CBS	57.10	-0.29
CF Industries	CF	34.91	0.43
CGI Group	GIB	52.82	0.22
CIT Group	CIT	49.44	0.09
CMS Energy	CMS	47.35	0.35
CNA Fin	CNA	50.32	-0.33
CNOOC	CEO	130.50	1.04
CPFLEnergia	CPL	17.22	0.05
CRH	CRH	36.44	0.20
CVS Health	CVS	73.90	-0.81
CabotOil	COG	25.51	0.15
CamdenProperty	CPT	93.39	0.40
CampbellSoup	CPB	45.74	-0.50
CIBC	CM	90.10	0.91
CanNtlRlwy	CNI	81.05	0.30
CanNaturalRes	CNQ	33.31	0.13
CanPacRlwy	CP	167.40	2.38
Canon	CAJ	35.26	0.16
CapitalOne	COF	86.75	-0.55
CardinalHealth	CAH	65.82	0.04
Carlisle	CSL	100.30	0.57
CarMax	KMX	76.06	-0.17
Carnival	CCL	67.20	0.12
Carnival	CUK	67.14	0.24
▲ Caterpillar	CAT	128.60	0.41
Celanese A	CE	106.56	-0.34
Cemex	CX	8.18	-0.21
CenovusEnergy	CVE	9.78	0.17
Centene	CNC	96.05	-0.30
CenterPointEner	CNP	29.31	0.19
CentraisElBras	EBR	6.59	-0.05
CenturyLink	CTL	20.27	-0.05
▲ Chemours	CC	55.12	0.13
Chevron	CVX	119.33	0.53
ChinaEastrnAir	CEA	25.23	0.17
ChinaLifeIns	LFC	15.34	-0.07
ChinaMobile	CHL	50.35	-0.48
ChinaPetrol	SNP	74.88	0.08
ChinaSoAirlines	ZNH	35.28	0.38
ChinaTelecom	CHA	52.74	-0.93
ChinaUnicom	CHU	14.34	0.03
Chipotle	CMG	311.49	0.61
Chubb	CB	147.37	0.09
ChunghwaTelecom	CHT	33.98	0.26
Church&Dwight	CHD	47.40	0.02
Cigna	CI	186.95	-1.12
CimarexEnergy	XEC	115.50	0.66
Citigroup	C	74.94	-0.24
CitizensFin	CFG	37.45	-0.36
Clorox	CLX	130.54	1.32
Coach	COH	38.87	-1.13
Coca-Cola	KO	46.10	0.23
Coca-Cola Euro	CCE	41.87	0.31
Coca-Cola Femsa	KOF	73.41	0.28
Colgate-Palmolive	CL	74.73	1.83
ColonyNorthStar	CLNS	12.42	0.02
Comerica	CMA	76.57	-0.38
SABESP	SBS	10.55	-0.06
ConagraBrands	CAG	33.79	0.07
ConchoRscs	CXO	135.67	0.59
ConocoPhillips	COP	49.60	0.41
ConEd	ED	82.84	0.44
ConstBrands A	STZ	207.74	-0.22
ContinentalRscs	CLR	37.64	0.72
Cooper	COO	237.52	3.55
Corning	GLW	29.89	-0.14
Coty	COTY	16.85	0.04
Credicorp	BAP	203.58	1.52
CreditSuisse	CS	15.81	-0.13
CrestwoodEquity	CEQP	24.55	-0.10
CrownCastle	CCI	102.21	0.62
CrownHoldings	CCK	60.90	0.50
Cullen/Frost	CFR	96.09	-0.66
Cummins	CMI	172.33	-0.63
DTE Energy	DTE	109.70	0.41
DXC Tech	DXC	87.65	-0.44
Danaher	DHR	86.96	-0.21
Darden	DRI	79.34	0.06
DaVita	DVA	54.56	0.24
Deere	DE	127.77	-0.48
DellTechnologies	DVMT	79.36	0.28
DelphiAutomotive	DLPH	99.25	0.63
DeltaAir	DAL	53.07	0.37
DeutscheBank	DB	16.92	-0.07
DevonEnergy	DVN	36.08	0.08
Diageo	DEO	135.82	0.62
DigitalRealty	DLR	120.62	0.86
DiscoverFinSvcs	DFS	64.84	-0.50
Disney	DIS	98.55	-1.03
DolbyLab	DLB	58.12	0.32
▲ DollarGeneral	DG	82.54	1.60
DominionEner	D	78.01	0.27
Domino's	DPZ	209.24	-0.20
Donaldson	DCI	46.06	0.02
DouglasEmmett	DEI	40.37	0.16
Dover	DOV	93.82	0.21
DowDuPont	DWDP	71.62	0.05
DrPepperSnap	DPS	88.80	0.19
DrReddy'sLab	RDY	36.13	-0.39
DukeEnergy	DUK	86.39	0.60
DukeRealty	DRE	28.93	0.03
ENI	E	33.10	0.33
EOG Rscs	EOG	96.93	0.15
EQT	EQT	63.10	0.22
EQT Midstream	EQM	76.34	-0.28
EastmanChem	EMN	88.15	-0.63
Eaton	ETN	78.53	0.55
▲ EatonVance	EV	50.34	0.12
Ecolab	ECL	132.55	-0.15
Ecopetrol	EC	9.53	0.03
EdisonInt	EIX	78.42	-0.12
EdwardsLife	EW	110.47	0.52
EmersonElectric	EMR	63.43	0.01
EnbridgeEnPtrs	EEP	16.18	0.04
Enbridge	ENB	41.71	0.35
Encana	ECA	11.54	0.17
EnelAmericas	ENIA	10.62	-0.07
EnelChile	ENIC	6.12	-0.11
▲ EnelGenChile	EOCC	27.10	-0.27
EnergyTrfrEquity	ETE	18.24	0.24
EnergyTransfer	ETP	18.75	0.28
EnLinkMidPtrs	ENLK	16.89	0.26
▲ Entergy	ETR	80.35	0.71
EnterpriseProd	EPD	26.80	0.30
Equifax	EFX	110.50	-3.04
EquityLife	ELS	87.27	-0.30
EquityResdntl	EQR	66.47	0.07
EssexProp	ESS	258.30	-0.42
EsteeLauder	EL	109.73	0.14
EverestRe	RE	222.51	-2.26
EversourceEner	ES	61.30	0.64
Exelon	EXC	38.46	0.16
ExtraSpaceSt	EXR	80.57	0.37
ExxonMobil	XOM	82.60	0.34
FMC	FMC	92.43	1.75
FactSet	FDS	178.13	0.15
FederalRealty	FRT	127.82	1.07

Stock	Sym	Close	Net Chg
FedEx	FDX	222.68	1.90
Ferrari	RACE	116.52	0.85
FiatChrysler	FCAU	17.96	0.16
▲ FibriaCelulose	FBR	15.89	0.69
FidelityNatlFin	FNF	34.20	-0.24
FNFV Group	FNFV	18.20	0.20
FidelityNtlInfo	FIS	94.64	0.03
58.com	WUBA	65.32	0.91
FirstData	FDC	17.83	-0.17
FirstRepBank	FRC	103.41	-0.72
FirstEnergy	FE	31.83	0.24
FleetCorTech	FLT	161.57	0.02
Flowserve	FLS	43.72	0.18
Fluor	FLR	42.61	0.06
FomentoEconMex	FMX	94.81	0.49
FordMotor	F	12.38	-0.01
ForestCIty A	FCE.A	25.58	0.06
Fortis	FTS	36.51	0.17
▲ Fortive	FTV	72.35	0.43
FortBrandsHome	FBHS	66.06	0.44
Franco-Nevada	FNV	79.74	0.29
FranklinRscs	BEN	44.93	0.01
Freeport-McMoRan	FCX	14.43	0.02
FreseniusMed	FMS	48.26	0.52
GGP	GGP	21.68	0.04
Gallagher	AJG	61.72	-0.15
Gap	GPS	28.42	-0.28
Gartner	IT	123.99	0.24
Gazit-Globe	GZT	9.70	0.20
GeneralDynamics	GD	212.83	0.28
▼ GeneralElec	GE	23.07	-0.29
GeneralMills	GIS	50.87	-0.08
▲ GeneralMotors	GM	45.47	0.26
GenuineParts	GPC	95.50	-0.02
Gerdau	GGB	3.41	-0.06
Gildan	GIL	31.10	0.33
GlaxoSmithKline	GSK	40.86	0.08
GlobalPayments	GPN	99.07	0.55
GoDaddy	GDDY	43.92	0.14
Goldcorp	GG	13.36	0.06
GoldmanSachs	GS	242.40	-0.20
Graco	GGG	124.31	0.38
Grainger	GWW	172.50	-1.41
▲ GreatPlainsEner	GXP	31.72	0.32
GpoAvalAcciones	AVAL	8.96	-0.03
GpFinSantandMex	BSMX	9.45	0.04
GrupoTelevisa	TV	23.58	0.16
GuidewireSoftware	GWRE	79.38	0.82
HCA Healthcare	HCA	75.53	0.08
HCP	HCP	26.46	0.02
HDFC Bank	HDB	93.40	-0.20
HP	HPQ	20.41	-0.16
HSBC	HSBC	50.00	-0.60
Halliburton	HAL	45.51	0.48
Hanesbrands	HBI	23.66	-0.13
HarleyDavidson	HOG	46.27	-0.05
Harris	HRS	136.00	-0.07
HartfordFinl	HIG	55.87	-0.06
HealthcareAmer	HTA	29.74	-0.11
Heico	HEI	87.88	-1.48
Heico A	HEI.A	74.65	-1.40
Helmerich&Payne	HP	52.28	-0.48
Herbalife	HLF	77.30	-0.40
Hershey	HSY	109.52	0.49
Hess	HES	44.33	0.02
HewlettPackard	HPE	14.94	-0.02
▲ Hilton	HLT	70.22	0.30
HollyFrontier	HFC	36.52	0.33
HomeDepot	HD	165.25	0.09
HondaMotor	HMC	30.31	0.02
Honeywell	HON	142.72	-0.59
HormelFoods	HRL	31.72	-0.03
▲ DR Horton	DHI	41.48	0.20
HostHotels	HST	18.67	0.12
HuanengPower	HNP	25.54	0.20
Hubbell	HUBB	115.03	-0.99
Humana	HUM	240.38	-0.11
HuntingtonIngalls	HII	233.93	-0.95
Huntsman	HUN	27.38	0.17
HyattHotels	H	61.71	0.33
ICICI Bank	IBN	8.26	-0.12
ING Groep	ING	18.67	-0.04
Invesco	IVZ	36.29	0.21
IDEX	IEX	123.23	0.17
IllinoisToolWks	ITW	151.44	-0.18
Infosys	INFY	14.58	-0.18
Ingersoll-Rand	IR	91.43	0.05
Ingredion	INGR	122.07	0.16
ICE	ICE	70.09	0.41
InterContinentl	IHG	54.25	0.02
IBM	IBM	147.62	-0.88
▲ IntlFlavors	IFF	147.73	-0.53
IntlPaper	IP	57.39	-0.25
Interpublic	IPG	20.55	-0.44
InvitationHomes	INVH	22.64	-0.05
IronMountain	IRM	38.94	0.14
IsraelChemicals	ICL	4.44	0.02
ItauUnibanco	ITUB	14.18	0.05
JPMorganChase	JPM	96.84	-0.29
JacobsEngineering	JEC	58.01	-0.35
JamesHardie	JHX	13.73	-0.10
JanusHenderson	JHG	34.94	-0.07
J&J	JNJ	136.65	2.75
JohnsonControls	JCI	41.35	-0.14
JonesLangLaSalle	JLL	131.24	0.38
JuniperNetworks	JNPR	26.86	-0.45
KAR Auction	KAR	47.65	-0.21
KB Fin	KB	50.49	-0.23
KKR	KKR	20.24	-0.01
KT	KT	14.42	0.21
KSCitySouthern	KSU	104.89	0.10
Kellogg	K	61.25	-0.22
KeyCorp	KEY	18.44	-0.21
KeysightTechs	KEYS	42.37	0.20
KilroyRealty	KRC	73.02	1.32
KimberlyClark	KMB	117.84	1.39
KimcoRealty	KIM	19.42	-0.04
KinderMorgan	KMI	19.05	0.10
Knight-Swift	KNX	40.09	0.26
Kohl's	KSS	43.22	-0.04
KoninklijkePhil	PHG	41.19	-0.37
▼ KoreaElcPwr	KEP	16.64	-0.31
Kroger	KR	20.78	0.25
Kyocera	KYO	65.06	-0.21
LATAMAirlines	LTM	13.93	-0.10
L Brands	LB	41.85	-1.10
LG Display	LPL	13.34	0.18
LINE	LN	36.65	0.19
L3 Tech	LLL	187.66	0.09
LabCpAm	LH	149.28	-0.20
LambWeston	LW	49.37	0.33
LasVegasSands	LVS	63.32	-0.04
Lazard	LAZ	44.81	-0.25
Lear	LEA	173.41	0.59
Leggett&Platt	LEG	48.34	0.37
Leidos	LDOS	62.14	-0.01
Lennar A	LEN	56.58	0.34

Continued on Page B9

MARKETS DIGEST

EQUITIES

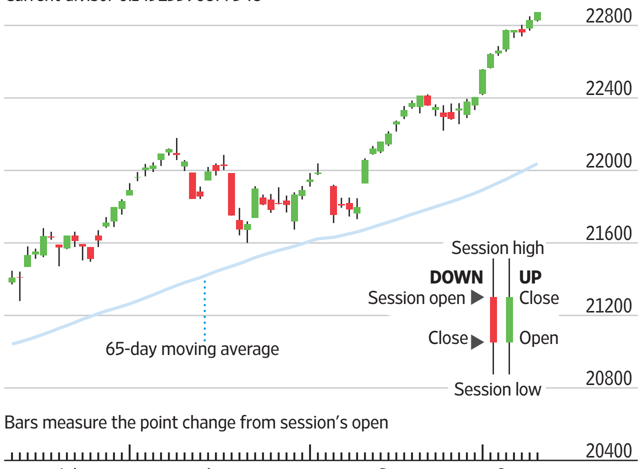
Dow Jones Industrial Average

22872.89 ▲42.21, or 0.18%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	20.95	20.11
P/E estimate *	19.30	17.61
Dividend yield	2.24	2.59
All-time high	22872.89, 10/11/17	

Current divisor 0.14523396877348



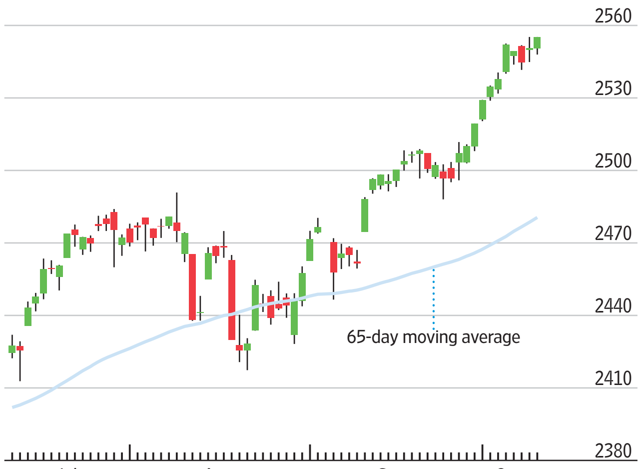
Bars measure the point change from session's open

S&P 500 Index

2555.24 ▲4.60, or 0.18%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	24.70	24.59
P/E estimate *	19.27	18.42
Dividend yield	1.96	2.13
All-time high:	2555.24, 10/11/17	

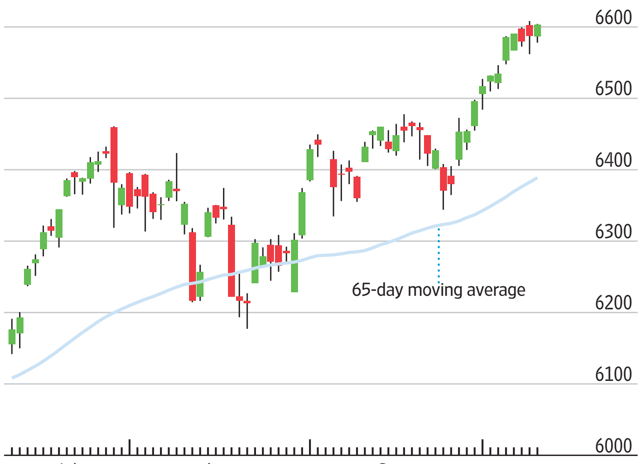


Nasdaq Composite Index

6603.55 ▲16.30, or 0.25%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	25.98	24.35
P/E estimate *	21.15	19.97
Dividend yield	1.10	1.20
All-time high:	6603.55, 10/11/17	



Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	Latest High	Low	Close	Net chg	% chg	52-Week High	Low	% chg	% chg YTD	3-yr. ann.
Dow Jones										
Industrial Average	22872.89	22821.66	22872.89	42.21	0.18	22872.89	17888.28	26.1	15.7	11.4
Transportation Avg	9992.75	9929.15	9976.66	48.18	0.49	9976.66	7967.02	23.9	10.3	8.1
Utility Average	745.88	738.12	742.46	3.03	0.41	754.80	625.44	14.7	12.6	9.7
Total Stock Market	26510.39	26441.39	26510.39	41.03	0.16	26510.39	21514.15	19.8	13.9	10.4
Barron's 400	686.62	684.94	685.89	-0.34	-0.05	687.05	521.59	25.9	14.0	11.8
Nasdaq Stock Market										
Nasdaq Composite	6604.21	6577.99	6603.55	16.30	0.25	6603.55	5046.37	26.0	22.7	15.6
Nasdaq 100	6082.25	6052.44	6081.25	17.73	0.29	6081.25	4660.46	26.2	25.0	16.3
Standard & Poor's										
500 Index	2555.24	2547.95	2555.24	4.60	0.18	2555.24	2085.18	19.4	14.1	10.3
MidCap 400	1820.73	1816.54	1819.74	1.16	0.06	1819.96	1476.68	19.2	9.6	11.7
SmallCap 600	913.65	909.84	910.54	-1.96	-0.21	918.72	703.64	22.1	8.7	14.2
Other Indexes										
Russell 2000	1510.62	1505.14	1506.92	-1.08	-0.07	1512.09	1156.89	22.8	11.0	12.7
NYSE Composite	12362.19	12338.18	12362.07	15.48	0.13	12362.07	10289.35	17.1	11.8	6.3
Value Line	543.79	542.35	543.19	-0.13	-0.02	545.78	455.65	14.3	7.3	6.1
NYSE Arca Biotech	4286.04	4255.66	4275.71	7.18	0.17	4304.77	2834.14	38.6	39.0	12.4
NYSE Arca Pharma	556.60	554.47	555.86	1.98	0.36	555.86	463.78	11.3	15.4	2.8
KBW Bank	100.66	99.93	100.42	-0.34	-0.34	100.76	70.90	39.0	9.4	13.4
PHLX§ Gold/Silver	87.33	85.43	87.14	0.40	0.46	96.72	73.03	6.4	10.5	4.1
PHLX§ Oil Service	139.29	137.08	138.81	-0.03	-0.02	192.66	117.79	-16.3	-24.5	-16.8
PHLX§ Semiconductor	1215.57	1204.03	1215.19	7.99	0.66	1215.19	802.88	49.5	34.1	29.4
CBOE Volatility	10.38	9.72	9.85	-0.23	-2.28	22.51	9.19	-38.1	-29.8	-22.6

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours Last	Net chg	% chg	High	Low
SPDR S&P 500	SPY	12,322.1	254.95	-0.07	-0.03	255.05	254.57
Ford Motor	F	4,870.8	12.38	...	unch.	12.40	12.35
Cheniere Energy	LNG	2,991.4	46.05	-0.45	-0.97	46.50	45.82
LendingClub	LC	2,702.8	6.40	...	unch.	6.40	6.40
Micron Technology	MU	2,618.5	41.71	0.10	0.24	41.98	41.26
AT&T	T	2,574.2	38.00	-0.19	-0.50	38.33	38.00
VanEck Vectors Gold Miner	GDX	2,405.2	23.78	-0.02	-0.08	23.82	23.74
Hewlett Packard Ent	HPE	2,262.0	14.94	...	unch.	14.97	14.94

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Ardelyx	ARDX	1,669.0	7.20	1.80	33.33	9.00	5.40
Babcock Wilcox Ents	BW	58.7	4.25	0.30	7.59	4.50	3.82
Sterling Construction	STRL	6.4	15.67	0.97	6.60	15.67	14.70
Axcelis Technologies	ACLS	21.1	29.75	1.35	4.75	29.75	28.25
Aralez Pharmaceuticals	ARLZ	6.4	2.25	0.10	4.65	2.25	2.15

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
J.Jill	JILL	168.7	6.20	-3.73	-37.56	9.93	6.00
Protagonist Therapeutics	PTGX	8.9	17.35	-2.46	-12.42	19.81	17.25
Blackhawk Network Hldgs	HAWK	403.3	41.25	-2.95	-6.67	45.00	38.00
Kandi Technologies Group	KNDI	33.7	7.70	-0.55	-6.67	8.25	7.43
RPC	RES	5.6	21.75	-1.14	-4.98	22.89	21.75

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	742,062,555	9,408,624
Adv. volume*	382,203,670	3,470,007
Decl. volume*	339,075,788	5,216,052
Issues traded	3,060	326
Advances	1,723	154
Declines	1,176	144
Unchanged	161	28
New highs	182	4
New lows	20	4
Closing tick	168	11
Closing Arms†	1.31	1.61
Block trades*	6,393	92

	Nasdaq	NYSE Arca
Total volume*	1,808,999,491	175,155,885
Adv. volume*	886,580,297	125,470,099
Decl. volume*	890,328,866	48,341,787
Issues traded	3,044	1,273
Advances	1,438	860
Declines	1,418	371
Unchanged	188	42
New highs	223	248
New lows	33	21
Closing tick	126	82
Closing Arms†	1.02	0.94
Block trades*	7,149	1,020

* Primary market NYSE, NYSE American NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	% chg	YTD % chg
World	The Global Dow	2947.18	4.88	0.17	16.4
	DJ Global Index	382.01	0.63	0.16	17.2
	DJ Global ex U.S.	257.89	0.42	0.16	20.5
Americas	DJ Americas	616.56	0.88	0.14	14.1
Brazil	Sao Paulo Bovespa	76659.80	−237.41	−0.31	27.3
Canada	S&P/TSX Comp	15800.40	30.04	0.19	3.4
Mexico	S&P/BMV IPC	50139.68	156.74	0.31	9.9
Chile	Santiago IPSA	4149.10	−8.86	−0.21	28.7
EMEA	Stoxx Europe 600	390.15	−0.01	−0.003	7.9
Eurozone	Euro Stoxx	390.81	1.11	0.28	11.6
Belgium	Bel-20	4059.04	3.80	0.09	12.6
France	CAC 40	5362.41	−1.24	−0.02	10.3
Germany	DAX	12970.68	21.43	0.17	13.0
Israel	Tel Aviv	1441.19	...	Closed	−2.0
Italy	FTSE MIB	22552.21	216.30	0.97	17.2
Netherlands	AEX	541.76	0.62	0.11	12.1
Russia	RTS Index	1143.32	8.46	0.75	−0.8
Spain	IBEX 35	10278.40	136.10	1.34	9.9
Sweden	SX All Share	585.61	−1.19	−0.20	9.6
Switzerland	Swiss Market	9265.34	−1.83	−0.02	12.7
U.K.	FTSE 100	7533.81	−4.46	−0.06	5.5
Asia-Pacific					
Australia	S&P/ASX 200	5772.10	34.00	0.59	1.9
China	Shanghai Composite	3388.28	5.30	0.16	9.2
Hong Kong	Hang Seng	28389.57	−101.26	−0.36	29.0
India	S&P BSE Sensex	31833.99	−90.42	−0.28	19.6
Japan	Nikkei Stock Avg	20881.27	57.76	0.28	9.2
Singapore	Straits Times	3280.28	−8.67	−0.26	13.9
South Korea	Kospi	2458.16	24.35	1.00	21.3
Taiwan	Weighted	10641.19	108.38	1.03	15.0

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Kitov Pharmaceuticals ADR	KTOV	3.15	1.13	55.94	4.40	1.27	-23.5
Bioblast Pharma	ORPN	3.24	1.13	53.71	8.55	1.49	-60.9
Sorrento Therapeutics	SRNE	3.70	1.20	48.00	7.62	1.50	-48.5
CASI Pharmaceuticals	CASI	3.28	1.06	47.75	4.84	0.91	111.6
China Rapid Finance ADR	XRF	10.46	2.60	33.08	10.52	5.60	...
Celsion	CLSN	5.84	1.24	26.96	16.38	1.24	-64.0
Pretium Resources	PVG	12.11	2.43	25.10	12.53	6.82	37.1
Akari Therapeutics ADR	AKTX	7.40	1.37	22.72	22.20	3.18	-12.2
WPCS International	WPCS	2.58	0.42	19.44	3.38	1.13	96.9
Helios Matheson Analy	HMNY	32.90	5.01	17.96	38.86	2.20	350.7
Aerie Pharmaceuticals	AERI	64.30	8.95	16.17	65.90	32.05	67.1
GEE Group	JOB	3.38	0.46	15.75	7.00	2.70	-32.0
Foresight Autonomous ADR	FRSX	6.70	0.91	15.72	11.70	4.21	...
Voyager Therapeutics	VYGR	24.00	3.24	15.61	24.25	8.10	113.0
FFBW	FFBW	11.53	1.53	15.30	...	...	...

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
VOXX International	VOXX	6.70	-1.90	-22.09	9.00	3.10	76.3
MannKind	MNKD	5.47	-1.24	-18.48	6.96	0.67	84.3
Oil-Dri of America	ODC	41.72	-8.59	-17.07	50.82	31.35	20.5
Net Element	NETE	4.47	-0.88	-16.45	15.40	2.56	-59.4
Hudson Technologies	HDSN	6.39	-1.18	-15.59	10.40	5.55	2.6
Secoo Holding ADR	SECO	6.78	-1.22	-15.25	12.70	6.61	...
Rennova Health	RNVA	1.84	-0.32	-14.89	103.50	1.81	-97.2
Cryolife	CRY	20.00	-3.30	-14.16	24.00	14.03	17.3
Xperi	XPER	22.68	-3.68	-13.95	45.95	22.13	-40.8
Chiasma	CHMA	2.55	-0.35	-12.07	3.01	1.25	-10.5
Barracuda Networks	CUDA	22.65	-3.09	-12.00	26.69	19.06	-11.1
Myomo	MYO	4.46	-0.54	-10.80	23.20	4.11	...
China Natural Resources	CHNR	2.20	-0.23	-9.47	5.73	1.43	32.5
Novus Therapeutics	NVUS	4.37	-0.45	-9.34	17.55	3.42	-72.9
LiNiu Technology Group	LINU	2.02	-0.19	-8.60	5.33	0.97	0.5

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
General Electric	GE	79,011	92.6	23.07	-1.24	32.38	22.90
Micron Technology	MU	50,371	69.8	41.61	-0.88	42.07	16.17
Bank of America	BAC	50,074	-23.9	25.83	-0.39	26.30	15.60
iShares MSCI Emg Markets	EEM	47,106	-2.9	46.26	0.46	46.28	33.94
Kroger Co	KR	42,733	212.1	20.78	1.22	36.44	19.69
Snap	SNAP	40,206	40.0	15.98	11.44	29.44	11.28
Rite Aid	RAD	39,611	42.4	1.78	-4.30	8.77	1.75
Advanced Micro Devices	AMD	37,869	-39.0	13.88	1.31	15.65	6.22
VanEck Vectors Gold Miner	GDX	37,285	-11.1	23.80	0.98	25.93	18.58
SPDR S&P 500	SPY	35,275	-43.5	255.02	0.16	255.05	208.38

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Bioptix	BIOP	2,437	3663	9.24	5.60	11.17	2.14
Capitol Inv IV Cl A	CIC	500	3570	9.80	-0.51	9.95	9.80
Global X MSCI Norway ETF	NORW	2,450	3523	13.75	0.65	13.75	10.63
Gabelli Gl Small Mid Cp	GGZ	322	2885	13.28	0.11	13.39	9.84
Eagle Bancorp Montana	EBMT	149	2779	18.80	-1.83	24.00	14.35
Majesco	MJCO	194	2680	5.35	4.09	6.34	4.35
Vanguard Large-Cap ETF	VV	4,009	2652	117.17	0.19	117.17	95.46
G. Willi-Food Intl	WILC	194	2128	6.03	4.32	7.66	4.82
Xtrackers Russell 1000	DEUS	504	2048	30.60	0.36	30.63	25.41
Pacific Premier Bancorp	PPBI	5,210	1862	40.00	0.13	41.90	24.00

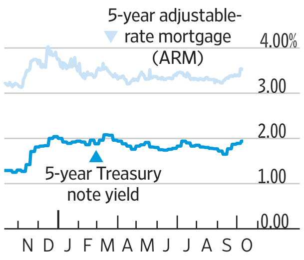
* Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS & CURRENCIES

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Five-year ARM, Rate

Bankrate.com avg†:	3.53%
Manasquan Savings Bank	2.88%
Manasquan, NJ	732-292-8400
Somerset Savings Bank, SLA	2.88%
Bound Brook, NJ	732-560-1700
Langley Federal Credit Union	3.00%
Newport News, VA	800-826-7490
Mount Diablo Lending	3.00%
Walnut Creek, CA	844-436-5713
Oritani Bank	3.00%
Twp of Washington, NJ	888-674-8264

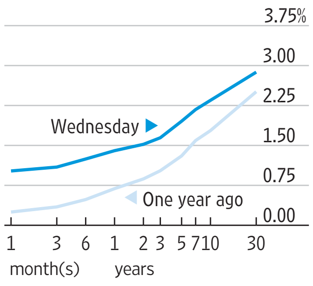
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.00-1.25	1.00-1.25	0.25	1.25	1.00
Prime rate*	4.25	4.25	3.50	4.25	1.00
Libor, 3-month	1.36	1.35	0.88	1.36	1.13
Money market, annual yield	0.32	0.35	0.26	0.36	-0.10
Five-year CD, annual yield	1.46	1.45	1.19	1.47	-0.08
30-year mortgage, fixed†	3.92	3.89	3.54	4.33	-0.15
15-year mortgage, fixed†	3.19	3.15	2.81	3.50	-0.04
Jumbo mortgages, $424,100-plus†	4.42	4.41	4.23	4.88	0.16
Five-year adj mortgage (ARM)†	3.53	3.40	3.13	4.03	...
New-car loan, 48-month	3.06	3.06	2.85	3.36	-0.16
HELOC, $30,000	5.23	5.29	4.57	5.30	0.82

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

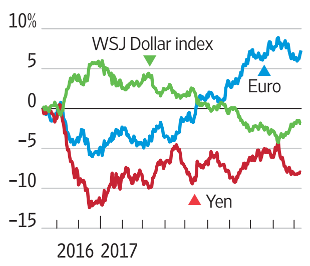
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1458.611	2.090	2.065	2.237	1.466	−1.499	1.947
10-yr Treasury, Ryan ALM	1732.017	2.346	2.332	2.609	1.739	1.699	1.812
DJ Corporate	379.826	3.004	2.987	3.390	2.648	2.491	3.851
Aggregate, Barclays Capital	1938.660	2.570	2.550	2.790	2.050	0.689	2.376
High Yield 100, Merrill Lynch	2864.857	5.173	5.090	6.448	4.948	7.613	4.595
Fixed-Rate MBS, Barclays	1986.070	2.830	2.800	3.120	2.170	0.547	2.197
Muni Master, Merrill	521.684	1.920	1.931	2.516	1.677	1.878	2.546
EMBI Global, J.P. Morgan	804.305	5.431	5.402	6.290	5.279	5.002	5.936

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Wed in US$	per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0574	17.4115	9.7
Brazil real	.3152	3.1730	-2.5
Canada dollar	.8027	1.2459	-7.3
Chile peso	.001596	626.70	-6.4
Colombia peso	.0003385	2953.93	-1.6
Ecuador US dollar	1	1	unch
Mexico peso	.0534	18.7091	-9.8
Peru new sol	.3069	3.259	-2.8
Uruguay peso	.03415	29.2800	-0.2
Venezuela b. fuerte	.098556	10.1466	1.5
Asia-Pacific			
Australian dollar	.7789	1.2839	-7.5
China yuan	.1517	6.5903	-5.1
Hong Kong dollar	.1281	7.8073	0.7
India rupee	.01534	65.175	-4.1
Indonesia rupiah	.0000740	13517	-0.1
Japan yen	.008890	112.49	-3.9
Kazakhstan tenge	.002984	335.12	0.4
Macau pataca	.1247	8.0166	1.3
Malaysia ringgit	.2368	4.2230	-5.9
New Zealand dollar	.7081	1.4122	-2.2
Pakistan rupee	.00952	105.075	0.7
Philippines peso	.0194	51.422	3.7
Singapore dollar	.7384	1.3543	-6.4
South Korea won	.0008827	1132.91	-6.2
Sri Lanka rupee	.0065159	153.47	3.4
Taiwan dollar	.03308	30.228	-6.9
Thailand baht	.03013	33.190	-7.3
Vietnam dong	.00004402	22719	-0.2
Europe			
Czech Rep. koruna	.04582	21.826	-15.0
Denmark krone	.1593	6.2764	-11.2
Euro area euro	1.1859	.8433	-11.3
Hungary forint	.003834	260.81	-11.4
Iceland krona	.009544	104.78	-7.2
Norway krone	.1262	7.9213	-8.4
Poland zloty	.2777	3.6006	-14.0
Russia ruble	.01730	57.808	-5.6
Sweden krona	.1242	8.0485	-11.6
Switzerland franc	1.0273	.9734	-4.5
Turkey lira	.2741	3.6484	3.5
Ukraine hryvnia	.0377	26.5245	-2.1
UK pound	1.3223	.7563	-6.6
Middle East/Africa			
Bahrain dinar	2.6510	.3772	0.01
Egypt pound	.0567	17.6230	-2.8
Israel shekel	.2866	3.4889	-9.3
Kuwait dinar	3.3106	.3021	-1.2
Oman sul rial	2.5976	.3850	unch
Qatar rial	.2682	3.728	2.4
Saudi Arabia riyal	.2666	3.7503	-0.01
South Africa rand	.0739	13.5281	-1.2

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	86.44	−0.19	−0.22	-6.99

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Wednesday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	590.18	0.58	0.10	591.05	527.06	9.63	4.04
TR/CC CRB Index	183.50	0.30	0.16	195.14	166.50	-2.43	-4.68
Crude oil, $ per barrel	51.30	0.38	0.75	54.45	42.53	2.23	-4.50
Natural gas, $/MMBtu	2.889	-0.002	-0.07	3.93	2.56	-10.00	-22.42
Gold, $ per troy oz.	1285.80	-4.80	-0.37	1346.00	1127.80	2.77	11.81

COMMODITIES

Futures Contracts

Metal & Petroleum Futures

	Open	High	Contract hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
Oct	3.0425	3.0830		3.0415	**3.0800**	0.0345	1,740
Dec	3.0640	3.0995		3.0525	**3.0955**	0.0350	173,998
Gold (CMX)-100 troy oz.; $ per troy oz.							
Oct	1287.30	1292.00		1284.90	**1285.80**	–4.80	220
Dec	1290.70	1295.90		1286.80	**1288.90**	–4.90	401,429
Feb'18	1294.40	1300.00		1291.60	**1293.10**	–4.90	62,986
April	1298.80	1304.00		1295.20	**1297.20**	–4.90	12,950
June	1305.00	1306.90		1300.30	**1301.10**	–4.90	11,702
Dec	1315.10	1317.10		1312.40	**1313.20**	–4.90	11,133
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
Dec	935.00	962.00		933.25	**958.95**	25.30	29,662
March'18	932.00	956.30		928.75	**952.85**	24.25	1,509
Platinum (NYM)-50 troy oz.; $ per troy oz.							
Oct	932.20	932.20		932.20	**930.40**	–2.70	14
Jan'18	934.70	938.40		930.50	**933.20**	–3.30	70,797
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
Oct	17.145	17.200		17.065	**17.081**	–0.074	528
Dec	17.150	17.265		17.085	**17.133**	–0.074	142,641
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
Nov	50.94	51.42		50.61	**51.30**	0.38	358,344
Dec	51.24	51.69		50.91	**51.60**	0.37	424,702
Jan'18	51.43	51.88		51.12	**51.80**	0.37	245,936
March	51.58	52.11		51.37	**52.05**	0.37	220,034
June	51.59	52.11		51.36	**52.06**	0.34	193,733
Dec	51.18	51.67		50.96	**51.65**	0.33	261,140
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
Nov	1.7642	1.7885		1.7586	**1.7861**	.0212	99,665
Dec	1.7644	1.7874		1.7579	**1.7851**	.0207	94,168
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
Nov	1.5935	1.6138		1.5878	**1.6092**	.0177	104,622
Dec	1.5751	1.5942		1.5699	**1.5885**	.0132	101,353
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
Nov	2.882	2.962		2.876	**2.889**	–.002	260,955
Dec	3.066	3.133		3.057	**3.066**	–.005	176,416
Jan'18	3.179	3.250		3.174	**3.181**	–.008	167,862
Feb	3.191	3.258		3.186	**3.191**	–.009	83,563
March	3.155	3.218		3.150	**3.154**	–.012	149,769
April	2.929	2.955		2.920	**2.923**	–.013	119,719

Agriculture Futures

	Open	High	Contract hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
Dec	348.75	349.00		345.50	**346.00**	–3.25	789,373
March'18	362.25	362.25		359.00	**359.50**	–3.25	273,824
Oats (CBT)-5,000 bu.; cents per bu.							
Dec	250.75	253.00		248.50	**252.75**	3.25	4,564
March'18	251.00	255.50		251.00	**255.25**	3.75	1,262
Soybeans (CBT)-5,000 bu.; cents per bu.							
Nov	965.50	967.50		963.50	**965.25**	–.75	295,381
Jan'18	976.00	978.00		974.00	**976.00**	–.25	168,498
Soybean Meal (CBT)-100 tons; $ per ton.							
Oct	312.20	312.60		311.50	**311.20**	–1.30	409
Dec	315.90	316.40		314.60	**314.90**	–1.30	154,650
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
Oct	32.79	33.02		32.79	**32.91**	.05	215
Dec	33.12	33.39		33.03	**33.15**	.04	177,745
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
Nov	1203.00	1212.00		1200.00	**1203.50**	1.50	6,816
Jan'18	1235.00	1241.00		1230.00	**1233.50**	1.50	2,994
Wheat (CBT)-5,000 bu.; cents per bu.							
Dec	435.00	435.50		429.75	**433.25**	–2.00	251,433
March'18	455.00	455.25		449.75	**452.25**	–3.00	96,776
Wheat (KC)-5,000 bu.; cents per bu.							
Dec	431.25	431.75		425.50	**428.25**	–3.00	135,607
March'18	448.25	449.25		443.75	**446.50**	–2.75	80,384
Wheat (MPLS)-5,000 bu.; cents per bu.							
Dec	615.75	619.75		615.25	**619.00**	1.50	36,110
March'18	630.00	633.75		630.00	**632.75**	1.25	23,546
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
Oct	153.825	154.400		152.975	**154.150**	.075	7,189
Nov	155.875	156.650		154.475	**155.675**	–.475	20,463
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Oct	113.275	114.075		113.025	**113.775**	.075	14,347
Dec	118.450	119.175		118.100	**118.525**	–.275	151,769
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Oct	60.750	61.275		60.400	**61.250**	1.075	13,828
Dec	62.150	62.875		61.925	**62.500**	.950	116,378
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
Nov	408.10	411.30		407.20	**409.20**	1.90	4,267
Jan'18	397.60	400.40		397.00	**398.40**	2.60	1,659
Milk (CME)-200,000 lbs., cents per lb.							
Oct	16.70	16.78		16.68	**16.71**	.01	4,025
Nov	16.18	16.30		16.11	**16.17**	–.07	4,522
Cocoa (ICE-US)-10 metric tons; $ per ton.							
Dec	2,057	2,117		2,046	**2,097**	52	112,286
March'18	2,071	2,128		2,061	**2,109**	48	75,608
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
Dec	129.80	129.85		126.55	**126.80**	–4.20	111,887
March'18	133.50	133.55		130.30	**130.55**	–4.15	54,431
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
March	14.14	14.37		14.13	**14.30**	.13	429,071
May	14.20	14.42		14.20	**14.38**	.14	125,432
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
March	27.00	27.00		27.00	**26.98**	–.02	2,208
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
Dec	69.24	69.45		68.46	**68.73**	–.22	126,178
March'18	68.64	68.90		67.95	**68.30**	–.08	70,658
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
Nov	161.70	162.85		159.15	**162.60**	1.35	4,234
Jan'18	160.75	161.55		158.45	**161.45**	.90	3,246

Interest Rate Futures

	Open	High	Contract hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
Dec	152-060	152-280		152-020	**152-180**	2.0	741,040
March'18	151-040	151-230		151-040	**151-120**	2.0	83
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
Dec	125-040	125-115		125-020	**125-075**	–1.0	3,133,003
March'18	124-270	124-275		124-270	**124-285**	–1.5	3,897
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
Dec	117-105	117-142		117-097	**117-112**	–1.7	2,968,502
March'18	117-055	117-055		117-055	**117-040**	–1.7	221
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
Dec	107-245	107-252		107-240	**107-242**	–1.0	1,663,880
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
Oct	98.845	98.848		98.845	**98.845**	...	243,122
Jan'18	98.650	98.655		98.645	**98.655**	.005	343,905
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
Dec	101.297	101.453		101.266	**101.297**	.016	29,493
1 Month Libor (CME)-$3,000,000; pts of 100%							
Nov	98.7600	98.7600		98.7550	**98.7550**	...	456
Dec	98.5900	98.5900	▼	98.5850	**98.5850**	.0025	1,875
Eurodollar (CME)-$1,000,000; pts of 100%							
Oct	98.6375	98.6375		98.6325	**98.6350**	–.0025	165,785
Dec	98.4900	98.4900		98.4800	**98.4850**	...	1,877,475
March'18	98.3600	98.3650		98.3550	**98.3550**	–.0050	1,335,596
Dec	98.0950	98.1150		98.0900	**98.0950**	–.0100	1,619,013

Currency Futures

	Open	High	Contract hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
Oct	.8903	.8924		.8881	**.8897**	–.0004	1,706
Dec	.8925	.8949		.8905	**.8922**	–.0004	243,873
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
Oct	.7998	.8020		.7982	**.8016**	.0021	374
Dec	.7994	.8034		.7984	**.8019**	.0021	172,911
British Pound (CME)-£62,500; $ per £							
Oct	1.3212	1.3237		1.3179	**1.3219**	.0017	770
Dec	1.3231	1.3262		1.3202	**1.3244**	.0017	176,899
Swiss Franc (CME)-CHF 125,000; $ per CHF							
Dec	1.0300	1.0337		1.0283	**1.0320**	.0021	48,854
March'18	1.0388	1.0403		1.0354	**1.0390**	.0021	146
Australian Dollar (CME)-AUD 100,000; $ per AUD							
Oct	.7785	.7808		.7771	**.7789**	.0007	767
Nov	.7804	.7805		.7768	**.7787**	.0007	676
Dec	.7772	.7803		.7764	**.7783**	.0007	138,412
Jan'18	.7786	.7800		.7764	**.7782**	.0007	241
March	.7784	.7793		.7762	**.7777**	.0007	597
Mexican Peso (CME)-MXN 500,000; $ per MXN							
Dec	.05259	.05292		.05250	**.05285**	.00022	187,977
Euro (CME)-€125,000; $ per €							
Oct	1.1830	1.1872		1.1799	**1.1857**	.0050	1,722
Dec	1.1850	1.1913		1.1838	**1.1897**	.0050	434,621

Index Futures

	Open	High	Contract hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
Dec	22780	22819	▲	22758	**22816**	32	154,342
March'18	22770	22805	▲	22757	**22799**	31	1,382
S&P 500 Index (CME)-$250 x index							
Dec	2548.40	2553.50	▲	2544.60	**2553.00**	4.50	51,601
Mini S&P 500 (CME)-$50 x index							
Dec	2548.75	2553.50	▲	2544.25	**2553.00**	4.50	3,043,930
March'18	2549.00	2553.50	▲	2544.50	**2553.25**	4.50	24,906
Mini S&P Midcap 400 (CME)-$100 x index							
Dec	1818.00	1821.90		1815.70	**1820.00**	1.50	92,481
Mini Nasdaq 100 (CME)-$20 x index							
Dec	6064.5	6086.0	▲	6053.3	**6082.5**	17.3	281,132
March'18	6075.3	6098.3	▲	6066.0	**6095.0**	17.5	911
Mini Russell 2000 (ICE-US)-$100 x index							
Dec	1509.70	1513.10		1505.60	**1507.70**	–2.20	62,005
March'18	1513.70	1514.50		1512.00	**1507.90**	–2.20	77
Mini Russell 1000 (ICE-US)-$100 x index							
Dec	1413.50	1415.80		1413.40	**1412.50**	–.80	299
U.S. Dollar Index (ICE-US)-$1,000 x index							
Dec	93.06	93.19		92.72	**92.83**	–.28	43,508
March'18	92.71	92.85		92.44	**92.55**	–.28	1,727

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Wednesday, October 11, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Wednesday
Energy	
Propane,tet,Mont Belvieu-g	**0.9473**
Butane,normal,Mont Belvieu-g	**1.0526**
NaturalGas,HenryHub-i	**2.930**
NaturalGas,TranscoZone3-i	**2.880**
NaturalGas,TranscoZone6NY-i	**2.620**
NaturalGas,PanhandleEast-i	**2.530**
NaturalGas,Opal-i	**2.580**
NaturalGas,MarcellusNE PA-i	**0.870**
NaturalGas,HaynesvilleN.LA-i	**2.830**
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	**55.500**
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	**11.750**
Metals	
Gold, per troy oz	
Engelhard industrial	**1292.84**
Engelhard fabricated	**1389.80**
Handy & Harman base	**1289.25**
Handy & Harman fabricated	**1431.06**
LBMA Gold Price AM	***1289.60**
LBMA Gold Price PM	***1291.40**
Krugerrand,wholesale-e	**1338.22**
Maple Leaf-e	**1351.09**
American Eagle-e	**1351.09**
Mexican peso-e	**1559.43**
Austria crown-e	**1264.27**
Austria phil-e	**1351.09**
Silver, troy oz.	
Engelhard industrial	**17.1500**
Engelhard fabricated	**20.5800**
Handy & Harman base	**17.1200**
Handy & Harman fabricated	**21.4000**
LBMA spot price	**£13.0000**
(U.S.$ equivalent)	**17.1500**
Coins,wholesale $1,000 face-a	**13007**
Other metals	
LBMA Platinum Price PM	***925.0**
Platinum,Engelhard industrial	**932.0**
Platinum,Engelhard fabricated	**1032.0**
Palladium,Engelhard industrial	**949.0**
Palladium,Engelhard fabricated	**1049.0**
Aluminum, LME, $ per metric ton	***2133.0**
Copper,Comex spot	**3.0800**
Iron Ore, 62% Fe CFR China-s	**57.8**
Shredded Scrap, US Midwest-s,w	**316**
Steel, HRC USA, FOB Midwest Mill-s	**n.a.**
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	**0.6150**
Cotton,1 1/16 std lw-mdMphs-u	**0.6873**
Cotlook 'A' Index-t	***78.80**
Hides,hvy native steers piece fob-u	**61.000**
Wool,64s,staple,Terr del-u,w	**n.a.**
Grains and Feeds	
Barley,top-quality Mnpls-u	**n.a.**
Bran,wheat middlings, KC-u	**69**
Corn,No. 2 yellow,Cent IL-bp,u	**3.1050**
Corn gluten feed,Midwest-u,w	**81.1**
Corn gluten meal,Midwest-u,w	**473.2**
Cottonseed meal-u,w	**230**
Hominy feed,Cent IL-u,w	**86**
Meat-bonemeal,50% pro Mnpls-u,w	**255**
Oats,No.2 milling,Mnpls-u	**2.9875**
Rice, 5% Broken White, Thailand-l,w	**380.00**
Rice, Long Grain Milled, No. 2 AR-u,w	**24.00**
Sorghum,(Milo) No.2 Gulf-u	**7.6513**
SoybeanMeal,Cent IL,rail,ton48%-u	**311.90**
Soybeans,No.1 yllw IL-bp,u	**9.2250**
Wheat,Spring14%-pro Mnpls-u	**7.2900**
Wheat,No.2 soft red,St.Louis-bp,u	**4.2050**
Wheat - Hard - KC (USDA) $ per bu-u	**3.6025**
Wheat,No.1soft white,Portld,OR-u	**5.1963**
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	**173.54**
select 1-3,600-900 lbs.-u	**165.16**
Broilers,dressed 'A'-u	**n.a.**
Broilers, National comp wghtd-u,w	**0.8587**
Butter,AA Chicago	**2.3450**
Cheddar cheese,bbl,Chicago	**171.50**
Cheddar cheese,blk,Chicago	**175.75**
Milk,Nonfat dry,Chicago lb.	**77.25**
Cocoa,Ivory Coast-w	**n.a.**
Coffee,Brazilian,Comp	**1.2808**
Coffee,Colombian, NY	**1.4880**
Eggs,large white,Chicago-u	**1.2350**
Flour,hard winter KC	**14.65**
Hams,17-20 lbs,Mid-US fob-u	**0.64**
Hogs,Iowa-So. Minnesota-u	**59.73**
Pork bellies,12-14 lb MidUS-u	**n.a.**
Pork loins,13-19 lb MidUS-u	**0.8780**
Steers,Tex.-Okla. Choice-u	**n.a.**
Steers,feeder,Okla. City-u,w	**158.38**
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	**35.5400**
Grease,choice white,Chicago-h	**0.2750**
Lard,Chicago-u	**n.a.**
Soybean oil,crude;Centl IL-u	**0.3178**
Tallow,bleach;Chicago-h	**n.a.**
Tallow,edible,Chicago-u	**0.3300**

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; L=liverice index.com; M=midday; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 10/10

Source: WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

October 11, 2017

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Aug. index level	Chg From (%) July '17	Aug. '16
U.S. consumer price index			
All items	**245.519**	0.30	1.9
Core	**252.460**	0.21	1.7

International rates

	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	**4.25**	4.25	4.25	3.50
Canada	**3.20**	3.20	3.20	2.70
Japan	**1.475**	1.475	1.475	1.475
Policy Rates				
Euro zone	**0.00**	0.00	0.00	0.00
Switzerland	**0.50**	0.50	0.50	0.50
Britain	**0.25**	0.25	0.25	0.25
Australia	**1.50**	1.50	1.50	1.50
Overnight repurchase				
U.S.	**1.09**	1.07	1.38	0.15

U.S. government rates

	Latest	Week ago	52-Week High	Low
Discount				
	1.75	1.75	1.75	1.00
Federal funds				
Effective rate	**1.1700**	1.1700	1.2000	0.3500
High	**1.3125**	1.3125	1.3125	0.5625
Low	**1.0500**	1.0300	1.1600	0.2400
Bid	**1.1600**	1.1600	1.1700	0.3000
Offer	**1.1700**	1.1700	1.1900	0.3200

	Latest	Week ago	52-WEEK High	Low
Treasury bill auction				
4 weeks	**1.015**	0.980	1.300	0.240
13 weeks	**1.085**	1.050	1.180	0.340
26 weeks	**1.220**	1.190	1.220	0.470
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	**3.458**	3.436	3.865	2.960
60 days	**3.481**	3.464	3.899	2.990

Other short-term rates

	Latest	Week ago	52-Week high	low
Call money				
	3.00	3.00	3.00	2.25
Commercial paper (AA financial)				
90 days	**1.26**	1.25	1.30	0.62
Libor				
One month	**1.23889**	1.23778	1.23889	0.52400
Three month	**1.35861**	1.34667	1.35861	0.87567
Six month	**1.52933**	1.51406	1.52933	1.24267
One year	**1.80956**	1.79789	1.82761	1.55622

	Latest	Week ago	52-WEEK High	Low
Euro Libor				
One month	**-0.401**	-0.405	-0.376	-0.405
Three month	**-0.376**	-0.378	-0.319	-0.381
Six month	**-0.310**	-0.308	-0.212	-0.310
One year	**-0.224**	-0.210	-0.071	-0.224
Euro interbank offered rate (Euribor)				
One month	**-0.372**	-0.373	-0.366	-0.375
Three month	**-0.329**	-0.329	-0.309	-0.332
Six month	**-0.274**	-0.273	-0.204	-0.275
One year	**-0.181**	-0.168	-0.069	-0.181

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	**1.110**	23.600	1.366	0.244
MBS	**1.161**	103.000	1.506	0.257

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Oct	**98.875**	-0.005	5020	1.125
Treasury Nov	**98.880**	unch.	5491	1.120
Treasury Dec	**98.730**	unch.	1928	1.270

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective June 15, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective June 15, 2017. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

Dividend Changes

Dividend announcements from October 11.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
4.65% Fltg. Rate STRATS	GJO	2.1	.0379 /.03781	**M**	Oct16 /Oct13
Gladstone Investment	GAIN	8.1	.065 /.064	**M**	Oct31 /Oct20
Gladstone Land	LAND	3.9	.0441 /.044	**M**	Oct31 /Oct20
International Paper	IP	3.3	.475 /.4625	**Q**	Dec15 /Nov15
Penske Automotive	PAG	2.9	.33 /.32	**Q**	Dec01 /Nov10
Prudentl Finl Rtl Med Trm	PFK	4.1	.086 /.08396	**M**	Nov10 /Nov01
Tallgrass Energy GP Cl A	TEGP	5.0	.355 /.3425	**Q**	Nov14 /Oct31
Tallgrass Energy Partners	TEP	7.8	.945 /.925	**Q**	Nov14 /Oct31
Thor Industries	THO	1.2	.37 /.33	**Q**	Nov07 /Oct24
Reduced					
Plains All Amer Pipeline	PAA	5.6	.30 /.55	**Q**	Nov14 /Oct31
STRATS Dom Res Ser 05-06	GJP	3.3	.0616 /.0637	**M**	Oct16 /Oct13
Initial					
Gladstone Cap Pfd. 2024	GLADN	5.8	.14167		Oct31 /Oct20
Funds and investment companies					
Abeerden Asia-Pacific	FAX	8.2	.035	**M**	Oct27 /Oct20
Aberdeen Global	FCO	9.3	.07	**M**	Oct27 /Oct20
Ares Dynamic Credit Alloc	ARDC	7.6	.105	**M**	Oct31 /Oct23
Ares Dynamic Credit Alloc	ARDC	7.6	.105	**M**	Nov30 /Nov22
Ares Dynamic Credit Alloc	ARDC	7.6	.105	**M**	Dec29 /Dec21
Barings Glbl Short Dur HY	BGH	8.9	.1534	**M**	Dec01 /Nov21
Barings Glbl Short Dur HY	BGH	8.9	.1534	**M**	Jan02 /Dec20
CBREClarionGlblRlEstIncm	IGR	7.5	.05	**M**	Oct31 /Oct20
FT Energy Inc & Growth Fd	FEN	9.4	.58	**Q**	Oct31 /Oct23
IQ Enh Core Plus Bd US	AGGP	2.2	.03676	**M**	Oct16 /Oct12
IQ Enhanced Core Bd US	AGGE	2.0	.03255	**M**	Oct16 /Oct12
MS Cush MLP HI ETN	MLPY	8.9	.1614	**Q**	Oct23 /Oct13
MS Income Secs	ICB	2.8	.0425	**M**	Oct27 /Oct20

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1938.66	3.2	U.S. Aggregate	**2.570**	2.050	2.790
U.S. Corporate Indexes Bloomberg Barclays					
2773.38	5.4	U.S. Corporate	**3.150**	2.870	3.520
2620.75	3.9	Intermediate	**2.680**	2.300	3.010
3822.84	8.8	Long term	**4.170**	4.110	4.710
566.88	4.1	Double-A-rated	**2.610**	2.230	2.870
715.76	6.0	Triple-B-rated	**3.440**	3.220	3.870
High Yield Bonds Merrill Lynch					
416.92	7.3	High Yield Constrained	**5.475**	5.399	6.858
417.20	8.5	Triple-C-rated	**10.436**	9.584	13.189
2864.86	6.8	High Yield 100	**5.173**	4.948	6.448
378.22	7.4	Global High Yield Constrained	**5.019**	5.003	6.450
305.08	6.3	Europe High Yield Constrained	**2.220**	2.161	3.814
U.S Agency Bloomberg Barclays					
1638.86	2.1	U.S Agency	**1.940**	1.320	1.960
1466.81	1.4	10-20 years	**1.760**	1.140	1.760
3341.57	6.9	20-plus years	**2.960**	2.630	3.460
2453.29	4.6	Yankee	**2.790**	2.410	3.090
Mortgage-Backed Bloomberg Barclays					
1986.07	2.3	Mortgage-Backed	**2.830**	2.170	3.120
1954.58	1.8	Ginnie Mae (GNMA)	**2.780**	2.060	3.090
1164.36	2.4	Fannie mae (FNMA)	**2.850**	2.220	3.120
1793.37	2.5	Freddie Mac (FHLMC)	**2.860**	2.230	3.130
521.68	4.6	Muni Master	**1.920**	1.677	2.516
364.90	5.0	7-12 year	**1.957**	1.674	2.618
408.79	6.0	12-22 year	**2.377**	2.095	3.047
393.07	5.9	22-plus year	**2.910**	2.541	3.622
Global Government J.P. Morgan†					
541.15	0.8	Global Government	**1.470**	1.010	1.560
747.38	-0.8	Canada	**2.170**	1.370	2.190
368.18	-0.2	EMU§	**1.177**	0.673	1.363
706.44	-0.02	France	**0.900**	0.400	1.210
507.23	-1.4	Germany	**0.500**	0.050	0.620
287.42	-0.3	Japan	**0.420**	0.170	0.460
559.28	-1.2	Netherlands	**0.640**	0.160	0.760
909.82	-0.4	U.K.	**1.670**	1.340	1.790
804.31	8.8	Emerging Markets **	**5.431**	5.279	6.290

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds
** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
1.375	**U.S.** 2	**1.513** ▼	1.516	1.323	0.870			
2.250	10	**2.343** ▼	2.360	2.132	1.766			
2.750	**Australia** 2	**1.952** ▲	1.948	1.870	1.719	**43.9**	43.2	**84.9**
2.750	10	**2.828** ▼	2.841	2.613	2.208	**48.5**	48.1	**44.2**
0.000	**France** 2	**-0.480** ▲	-0.490	-0.541	-0.616	**-199.2**	-200.6	**-148.6**
1.000	10	**0.737** ▲	0.719	0.632	0.320	**-160.6**	-164.1	**-144.6**
0.000	**Germany** 2	**-0.692** ▼	-0.691	-0.746	-0.665	**-220.4**	-220.7	**-153.5**
0.500	10	**0.466** ▲	0.445	0.338	0.022	**-187.7**	-191.5	**-174.3**
0.050	**Italy** 2	**-0.098** ▼	-0.083	-0.109	-0.109	**-161.1**	-159.9	**-97.9**
2.200	10	**2.103** ▼	2.131	1.967	1.384	**-24.0**	-23.0	**-38.1**
0.100	**Japan** 2	**-0.140** ▲	-0.144	-0.154	-0.260	**-165.2**	-166.1	**-113.0**
0.100	10	**0.064** ▲	0.059	-0.002	-0.049	**-227.9**	-230.1	**-181.4**
2.750	**Spain** 2	**-0.269** ▼	-0.247	-0.330	-0.229	**-178.2**	-176.4	**-110.0**
1.450	10	**1.659** ▼	1.689	1.568	1.024	**-68.4**	-67.1	**-74.2**
1.750	**U.K.** 2	**0.463** ▲	0.445	0.214	0.184	**-104.**	-107.1	**-68.6**
4.250	10	**1.383** ▲	1.367	1.046	0.889	**-96.0**	-99.3	**-87.7**

Source: Tullett Prebon

Corporate Debt

in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Coca-Cola European Partners	**CCE**	3.500	Sept. 15, '20	**32**	–16	n.a.	41.87	**0.75**
Walt Disney	**DIS**	1.800	June 5, '20	**11**	–11	20	98.55	**–1.03**
Block Financial	**HRB**	4.125	Oct. 1, '20	**92**	–11	n.a.	...	**...**
National Oilwell Varco	**NOV**	2.600	Dec. 1, '22	**83**	–11	106	34.98	**0.14**
AT&T	**T**	3.000	June 30, '22	**79**	–11	80	38.19	**–0.81**
JPMorgan Chase	**JPM**	4.400	July 22, '20	**34**	–10	45	96.84	**–0.30**
Coca-Cola	**KO**	1.875	Oct. 27, '20	**14**	–10	22	46.10	**0.50**
Omnicom	**OMC**	3.625	May 1, '22	**54**	–10	68	74.35	**–0.13**

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Verizon Communications	**VZ**	5.012	Aug. 21, '54	**218**	12	205	48.86	**–0.57**
Dell International	**DELL**	8.350	July 15, '46	**335**	10	322	...	**...**
Discovery Communications	**DISCA**	3.950	March 20, '28	**172**	7	164	20.00	**–2.58**
Sumitomo Mitsui Financial	**SUMIBK**	2.632	July 14, '26	**94**	7	95	...	**...**
Viacom	**VIA**	3.450	Oct. 4, '26	**161**	7	n.a.	33.60	**–1.03**
Comcast	**CMCSA**	6.550	July 1, '39	**106**	6	n.a.	37.42	**–0.72**
CVS Health	**CVS**	2.875	June 1, '26	**104**	6	97	73.90	**–1.08**
Mondelez International Holdings Netherlands	**MDLZ**	1.625	Oct. 28, '19	**55**	6	54	41.71	**0.63**

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
Bombardier	**BBDBCN**	7.450	May 1, '34	**97.195**	3.17	n.a.	...	**...**
Claire's Stores	**CLE**	8.875	March 15, '19	**19.000**	3.00	n.a.	...	**...**
CenturyLink	**CTL**	7.600	Sept. 15, '39	**94.497**	2.50	88.750	20.27	**–0.25**
Genworth Holdings	**GNW**	4.900	Aug. 15, '23	**85.250**	1.53	84.500	3.79	**–1.04**
Iheartcommunications	**IHRT**	9.000	March 1, '21	**74.000**	1.25	73.000	...	**...**
Sunoco	**SUN**	6.250	April 15, '21	**105.625**	1.13	104.500	31.79	**0.35**
Swestn Energy	**SWN**	4.100	March 15, '22	**98.500**	1.00	96.348	5.86	**0.51**
Vistajet Malta Finance	**VSTJET**	7.750	June 1, '20	**91.875**	0.88	n.a.	...	**...**

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Dynegy	**DYN**	7.625	Nov. 1, '24	**100.150**	–5.35	104.125	9.36	**–0.21**
Rite Aid	**RAD**	7.700	Feb. 15, '27	**81.500**	–4.75	88.750	1.78	**–4.30**
Cenveo	**CVO**	8.500	Sept. 15, '22	**37.000**	–2.00	n.a.	2.73	**–6.51**
HCA	**HCA**	5.875	March 15, '22	**110.250**	–1.75	110.750	75.53	**0.11**
Chs/Community Health Systems	**CYH**	6.875	Feb. 1, '22	**74.500**	–0.94	77.500	...	**...**
Sprint Capital	**S**	8.750	March 15, '32	**127.125**	–0.89	128.000	...	**...**
Neiman Marcus	**NMG**	8.750	Oct. 15, '21	**51.500**	–0.81	48.500	...	**...**
Group 1 Automotive	**GPI**	5.000	June 1, '22	**103.250**	–0.78	n.a.	70.45	**–2.22**

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.
Note: Data are for the most active issue of bonds with maturities of two years or more

Sources: MarketAxess Corporate BondTicker; WSJ Market Data Group

BIGGEST 1,000 STOCKS

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Stock	Sym	Close	Net Chg
Lennar B	LEN.B	47.88	0.46
LennoxIntl	LII	180.29	-1.21
LeucadiaNatl	LUK	25.27	0.08
Level3Comm	LVLT	55.39	-0.10
LibertyProperty	LPT	41.97	0.23
EliLilly	LLY	86.06	-0.10
LincolnNational	LNC	75.28	-0.05
LionsGate A	LGF.A	30.32	-0.25
LionsGate B	LGF.B	29.50	-0.09
LiveNationEnt	LYV	42.79	0.01
LloydsBanking	LYG	3.61	-0.04
LockheedMartin	LMT	318.59	0.88
Loews	L	48.70	-0.25
Lowe's	LOW	81.21	0.11
LyondellBasell	LYB	97.26	-0.80
M&T Bank	MTB	163.15	-0.01
MGM Resorts	MGM	30.90	0.47
MPLX	MPLX	34.87	-0.19
MSCI	MSCI	121.88	-0.04
Macerich	MAC	57.83	0.15
MacquarieInfr	MIC	72.11	-0.31
Macy's	M	20.47	-0.19
MagellanMid	MMP	70.81	0.29
MagnaIntl	MGA	54.81	-0.47
Manpower	MAN	120.71	-2.28
ManulifeFin	MFC	20.80	0.08
MarathonOil	MRO	13.68	0.06
MarathonPetrol	MPC	56.22	-0.03
Markel	MKL	1093.89	3.19
Marsh&McLennan	MMC	83.58	0.09
MartinMarietta	MLM	203.73	-1.41
Masco	MAS	38.96	0.21
Mastercard	MA	146.85	1.20
McCormick	MKC	98.29	0.84
McCormickVtg	MKC.V	98.46	1.38
McDonalds	MCD	163.15	2.57
McKesson	MCK	149.94	0.53
Medtronic	MDT	78.24	0.95
Merck	MRK	63.78	-0.68
MetLife	MET	52.85	-0.29
MettlerToledo	MTD	659.70	6.73
MichaelKors	KORS	47.00	-0.56
MicroFocus	MFGP	31.79	-0.01
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NRG Energy	NRG	25.47	-0.22
NTTDoCoMo	DCM	23.17	0.06
NVR	NVR	2923.15	18.15
NationalGrid	NGG	63.32	0.24
NatlOilwell	NOV	34.98	0.05
NatlRetailProp	NNN	42.18	0.28
NewOrientalEduc	EDU	91.34	-2.10
NY CmntyBcp	NYCB	12.84	-0.05
NewellBrands	NWL	43.17	0.48
NewfieldExpln	NFX	30.23	0.07

Stock	Sym	Close	Net Chg
NewmontMining	NEM	38.08	0.18
NextEraEnergy	NEE	149.87	0.84
NielsenHoldings	NLSN	39.72	-0.46
Nike	NKE	51.03	-0.50
NiSource	NI	26.42	0.07
NobleEnergy	NBL	27.79	0.25
Nokia	NOK	5.88	-0.04
NomuraHoldings	NMR	5.72	0.09
Nordstrom	JWN	42.92	-0.46
NorfolkSouthern	NSC	131.49	1.49
NorthropGrumman	NOC	295.19	1.86
Novartis	NVS	86.39	0.65
NovoNordisk	NVO	49.38	0.55
Nucor	NUE	57.34	1.97
NuSTAREnergy	NS	39.51	-0.32
OGE Energy	OGE	36.47	0.27
ONEOK	OKE	56.38	0.36
OccidentalPetrol	OXY	64.39	-0.11
Och-Ziff	OZM	3.37	0.01
Olin	OLN	35.72	-0.33
OmegaHealthcare	OHI	31.40	0.15
Omnicom	OMC	74.35	-0.10
Oracle	ORCL	48.28	0.07
Orange	ORAN	16.52	0.08
OrbitalATK	OA	133.30	-0.28
Orix	IX	81.86	0.24
Oshkosh	OSK	85.55	0.96
OwensCorning	OC	79.85	0.37
PG&E	PCG	69.15	-0.04
PLDT	PHI	32.51	-0.32
PNC Fin	PNC	136.49	-0.23
POSCO	PKX	69.47	-1.25
PPG Ind	PPG	112.41	0.03
PPL	PPL	37.92	0.07
PVH	PVH	126.21	0.17
PackagingCpAm	PKG	116.70	-0.77
PaloAltoNtwks	PANW	149.00	-1.52
ParkHotels	PK	28.03	0.03
ParkerHannifin	PH	177.56	0.06
ParsleyEnergy	PE	26.96	0.06
Pearson	PSO	8.09	-0.03
PembinaPipeline	PBA	34.62	0.43
Pentair	PNR	69.95	...
PepsiCo	PEP	111.51	0.73
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PlainsGP	PAGP	21.85	0.03
PolarisIndustries	PII	105.00	-0.50
PostHoldings	POST	86.89	0.39
Potash	POT	19.08	0.10
Praxair	PX	141.18	0.56
PrincipalFin	PFG	67.30	-0.20
Procter&Gamble	PG	91.46	-0.16
Progressive	PGR	49.25	-0.12
Prologis	PLD	64.50	-0.22
PrudentialFin	PRU	110.01	0.01

Stock	Sym	Close	Net Chg
Prudential	PUK	48.34	-0.04
PublicServiceEnt	PEG	48.39	0.18
PublicStorage	PSA	214.68	1.66
PulteGroup	PHM	26.97	0.12
QuestDiag	DGX	91.45	0.59
QuintilesIMS	Q	97.76	1.56
RELX	RENX	21.74	-0.01
RELX	RELX	22.69	-0.03
RPM	RPM	51.51	0.03
RalphLauren	RL	85.20	-2.02
RaymondJames	RJF	86.39	-0.09
Raytheon	RTN	187.22	0.33
RealtyIncome	O	56.67	0.06
RedHat	RHT	119.37	1.02
RegencyCtrs	REG	63.91	0.34
RegionsFin	RF	15.04	-0.12
ReinsuranceGrp	RGA	142.04	0.65
RepublicServices	RSG	63.32	-0.06
ResMed	RMD	76.55	0.34
RestaurantBrands	QSR	65.73	0.56
RiceEnergy	RICE	27.45	0.01
RioTinto	RIO	47.75	-0.51
RobertHalf	**RHI**	**48.74**	**-2.63**
Rockwell	ROK	183.75	1.01
RockwellCollins	COL	134.60	0.64
RogersComm B	RCI	53.07	0.42
Rollins	ROL	47.48	0.15
RoperTech	ROP	249.91	-1.85
RoyalBkCanada	RY	79.37	0.77
RoyalBkScotland	RBS	7.35	-0.08
RoyalCaribbean	RCL	125.01	0.21
RoyalDutchA	RDS.A	61.23	0.19
RoyalDutchB	RDS.B	62.81	0.21
SAP	SAP	112.66	0.31
S&P Global	SPGI	159.00	0.20
SINOPECShanghai	SHI	61.24	-0.03
SK Telecom	SKM	25.90	-0.07
SLGreenRealty	SLG	104.90	0.41
Salesforce.com	CRM	96.01	0.62
Sanofi	SNY	49.73	-0.37
Sasol	SSL	28.81	0.29
Scana	SCG	49.58	0.47
Schlumberger	SLB	67.74	-0.59
SchwabC	SCHW	45.31	0.22
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SmithAO	AOS	60.65	-0.08
Smith&Nephew	SNN	37.58	-0.23
Smucker	SJM	104.27	0.58
Snap	**SNAP**	**15.98**	**1.64**
SnapOn	SNA	150.94	0.69
SOQUIMICH	SQM	57.81	-1.03
Sony	SNE	36.62	-0.09
Southern	SO	50.48	0.24
SoCopper	SCCO	41.73	0.18
SouthwestAirlines	LUV	58.55	0.54

Stock	Sym	Close	Net Chg
SpectraEnerPtrs	SEP	45.14	0.10
SpectrumBrands	SPB	103.94	1.59
SpiritAeroSys	SPR	78.73	-0.85
Sprint	S	7.19	0.05
Square	SQ	32.00	0.68
StanleyBlackDck	SWK	156.49	0.67
StateStreet	STT	99.29	0.12
Statoil	STO	20.30	0.10
Steris	STE	90.00	0.10
STMicroelec	STM	20.02	0.26
Stryker	SYK	146.41	1.72
SumitomoMits	SMFG	7.77	...
SunCommunities	SUI	88.29	-0.12
SunLifeFinancial	SLF	39.89	-0.39
SuncorEnergy	SU	34.52	-0.04
SunTrustBanks	STI	60.17	-0.59
SynchronyFin	SYF	31.42	-0.33
Syngenta	SYT	92.10	0.06
SynovusFin	SNV	47.11	...
Sysco	SYY	53.78	-0.15
TAL Education	TAL	34.79	-0.09
TE Connectivity	TEL	86.75	0.24
Telus	TU	36.13	0.21
Ternium	TX	30.82	0.59
TIM Part	TSU	18.73	0.22
TJX	TJX	72.55	0.30
TableauSoftware	DATA	76.94	0.71
TaiwanSemi	TSM	40.35	1.38
TargaResources	TRGP	47.78	0.12
Target	TGT	59.15	1.55
TataMotors	TTM	31.78	-0.49
TechnipFMC	FTI	27.27	...
TeckRscsB	TECK	22.78	0.31
TelecomArgentina	TEO	31.08	-0.35
TelecomItalia	TI	9.15	0.20
TelecomItalia A	TI.A	7.30	0.12
TeledyneTech	TDY	162.66	-1.78
Teleflex	TFX	239.89	-0.53
TelefonicaBras	VIV	16.25	-0.03
Telefonica	TEF	10.88	0.08
TelekmIndonesia	TLK	32.37	-1.33
Tenaris	TS	27.25	-0.20
Teradyne	TER	38.61	0.28
TevaPharm	TEVA	15.76	-0.13
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Stock	Sym	Close	Net Chg
TysonFoods	TSN	70.04	-0.07
UBS Group	UBS	17.16	-0.05
UDR	UDR	38.61	-0.03
UGI	UGI	47.04	0.06
US Foods	USFD	27.06	...
UltraparPart	UGP	24.27	0.07
UnderArmour A	UAA	16.52	-0.32
UnderArmour C	UA	15.15	-0.36
Unilever	UN	59.75	0.47
Unilever	UL	58.33	0.48
UnionPacific	UNP	113.05	0.42
UnitedContinental	UAL	67.40	-0.32
UnitedMicro	UMC	2.58	...
UPS B	UPS	118.92	0.80
UnitedRentals	URI	142.16	0.61
US Bancorp	USB	54.26	0.03
US Steel	X	25.20	0.22
UnitedTech	UTX	117.75	-0.37
UnitedHealth	UNH	195.26	0.58
UniversalHealthB	UHS	107.75	1.17
UnumGroup	UNM	52.23	-0.20
VEREIT	VER	8.36	...
VF	VFC	64.35	-0.16
Visa	V	108.44	1.13
VailResorts	MTN	216.35	0.55
Vale	VALE	9.79	-0.03
ValeroEnergy	VLO	77.92	0.55
Vantiv	VNTV	70.80	-0.66
VarianMed	VAR	100.91	0.51
Vedanta	VEDL	19.44	-0.45
VeevaSystems	VEEV	57.42	0.72
Ventas	VTR	63.05	-0.21
Verizon	VZ	48.86	-0.28
VistraEnergy	VST	19.01	0.20
VMware	VMW	112.03	0.24
VornadoRealty	VNO	79.36	0.43
VoyaFinancial	VOYA	40.55	0.12
VulcanMaterials	VMC	117.28	-1.73
WABCO	WBC	149.84	0.06
WEC Energy	WEC	64.73	0.22
W.P.Carey	WPC	68.68	0.08
Wabtec	WAB	75.13	0.10
Wal-Mart	WMT	85.73	1.60
WasteConnections	WCN	69.86	-0.02
[illegible]			

Stock	Sym	Close	Net Chg
Wyndham	WYN	108.97	0.28
XPO Logistics	XPO	68.27	0.43
XcelEnergy	XEL	48.28	0.34
Xerox	XRX	32.74	0.03
Xylem	XYL	64.31	-0.32
YPF	YPF	22.79	0.11
YumBrands	YUM	76.64	0.46
YumChina	YUMC	42.39	-0.12
ZTO Express	ZTO	15.08	0.74
ZayoGroup	ZAYO	34.65	0.35
[illegible]			

Stock	Sym	Close	Net Chg
Cintas	CTAS	150.67	0.43
CiscoSystems	CSCO	33.59	0.04
CitrixSystems	CTXS	80.57	-0.63
Cognex	CGNX	117.48	-0.04
CognizantTech	CTSH	73.60	-0.40
Coherent	COHR	247.99	1.42
Comcast A	CMCSA	37.42	-0.27
CommerceBcshrs	CBSH	58.09	-0.35
CommScope	COMM	32.34	0.02
Copart	CPRT	35.84	0.28
[illegible]			

Stock	Sym	Close	Net Chg
JackHenry	JKHY	104.88	-0.44
JazzPharma	JAZZ	142.57	-1.00
JetBlue	JBLU	20.53	0.30
KLA Tencor	KLAC	104.59	0.14
KraftHeinz	KHC	78.19	0.05
LKQ	LKQ	36.96	0.22
LamResearch	LRCX	186.18	1.28
LamarAdvertising	LAMR	68.64	0.68
LibertyBroadbandA	LBRDA	95.61	0.49
LibertyBroadbandC	LBRDK	96.86	0.50
[illegible]			

Stock	Sym	Close	Net Chg
Qiagen	QGEN	35.37	0.73
Qorvo	QRVO	72.94	1.10
Qualcomm	QCOM	54.12	0.25
RandgoldRscs	GOLD	99.49	0.81
RegenPharm	REGN	452.97	-8.16
RossStores	ROST	64.55	-0.29
RoyalGold	RGLD	88.35	-0.52
Ryanair	RYAAY	108.56	2.39
SBA Comm	SBAC	151.35	2.93
SEI Investments	SEIC	63.55	0.18
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New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE MKT and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. **% CHG**-Daily percentage change from the previous trading session.

Wednesday, October 11, 2017

NYSE highs - 182

Stock	Sym	52-Wk Hi/Lo	% Chg
AVX	AVX	19.60	-0.6
AbbVie	ABBV	92.61	1.3
AberdeenJapanEqu	JEQ	8.85	0.1
AdamsDivEquityFd	ADX	15.44	0.4
AgilentTechs	A	66.97	...
AlabamaPwrPfdA	ALPpQ	26.34	0.8
Alibaba	BABA	184.70	0.9
Allegion	ALLE	88.32	0.4
Allete	ALE	79.69	0.3
AmericanExpress	AXP	92.65	0.1
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CompassPfdA	CODIpA	25.75	0.2
ContinentalBldg	CBPX	26.90	0.2
CoreLogic	CLGX	48.51	0.5
CorEnergyInfrPf	CORRpA	26.74	1.1
CostamarePfdC	CMREpC	26.24	0.6
CurtissWright	CW	110.98	0.1
Dividend&IncomeFd	DNI	13.15	0.5
DNB Select	DNP	11.56	0.4
DollarGeneral	DG	82.77	2.0
EPAM Systems	EPAM	90.68	0.8
EatonVance	EV	50.66	0.2
EtnVncEqtyInco	EOI	14.37	...
EtnVncEqtyInco II	EOS	15.28	0.3
EtnVncTxAdvDiv	EVT	22.44	...
EtnVncTxMgdEqu	ETY	11.82	0.4
ElPasoElectric	EE	58.38	0.3
EmployersHldgs	EIG	46.90	0.4
EmpresaDisCom	EDN	43.96	0.5
EnelGenChile	EOCC	27.74	-1.0
Entergy	ETR	80.73	0.9
EnvivaPartners	EVA	31.45	2.1
FarmlandPtrsPfdB	FPIpB	27.96	-0.6
FedAgriMtg C	AGM	76.58	-0.3
FederatedInvest	FII	31.24	0.2
Ferro	FOE	23.01	0.4
FibriaCelulose	FBR	15.96	4.5
Flagstar	FBC	36.40	-0.1
Fortive	FTV	72.55	0.6
GabelliDividend	GDV	22.75	...
GabelliUtility	GUT	7.20	1.4
GeneralCable	BGC	21.90	-0.5
GeneralMotors	GM	45.59	0.6
GeneralMotorsWt19	GM.WS.B	27.64	0.9
GettyRealty	GTY	29.54	0.8
GreatPlainsEner	GXP	31.81	1.0
HFF	HF	41.85	0.5
Hilton	HLT	70.35	0.4
DR Horton	DHI	41.57	0.5
Ingevity	NGVT	68.48	1.2
Intelsat	I	6.88	8.0
IntlFlavors	IFF	148.49	-0.4
InvescoMtg	IVR	17.45	0.9
InvestmentTech	ITG	23.66	1.1
HancockFinlOpp	BTO	37.97	-0.7
KB Home	KBH	27.22	1.6
Kadant	KAI	101.15	0.4
Kemet	KEM	25.49	...
Kemper	KMPR	55.45	-0.2
KenonHoldings	KEN	17.42	4.0
Koppers	KOP	49.13	2.7
KronosWorldwide	KRO	24.91	3.8
LaQuinta	LQ	18.28	0.7
LockheedMartin	LMT	318.80	0.3
MGIC Investment	MTG	12.69	0.8
MSCI	MSCI	122.27	...
MagnaIntl	MGA	55.70	-0.9
Manpower	MAN	123.44	-1.9
Markel	MKL	1105.23	0.3

Stock	Sym	52-Wk Hi/Lo	% Chg
Mastercard	MA	147.12	0.8
McDonalds	MCD	163.24	1.6
Medifast	MED	62.12	1.2
MeritageHomes	MTH	48.10	1.5
MettlerToledo	MTD	659.78	1.0
MiXTelematics	MIXT	10.07	-0.8
ModineMfg	MOD	21.00	0.7
MonmouthRealEst	MNR	16.68	0.2
Moog B	MOG.B	88.22	1.4
MS EmMktFd	MSF	17.85	0.2
NACCO Inds	NC	37.50	2.3
NamTaiProperty	NTP	11.60	1.3
NoahHoldings	NOAH	40.52	2.0
[illegible]			
TexasPacLand	TPL	419.70	-0.5
Textainer	TGH	18.60	1.1
ThaiFund	TTF	10.79	0.8
ThirdPointReins	TPRE	16.40	...
Toll Bros	TOL	43.20	0.5
Tronox	TROX	26.21	3.2
TurningPoint	TPB	18.42	1.4
UMHPropPfdC	UMHpC	27.90	-0.8
Unifi	UFI	36.77	0.7
UrstadtBiddlePfdH	UBPpH	26.20	0.4
Visa	V	108.59	1.1
VenatorMaterials	VNTR	24.04	3.1
Viad	VVI	61.85	0.3
VinaConcha	VCO	37.49	2.3
VirtusGlbDiv&Incm	ZTR	13.45	-0.3
VoyaAsiaPacHiDiv	IAE	10.88	-0.6
WNS	WNS	37.76	0.9
Walker&Dunlop	WD	55.19	2.2
Wal-Mart	WMT	86.29	1.9
Workiva	WK	22.70	-0.4
Wyndham	WYN	109.69	0.3
XPO Logistics	XPO	68.96	0.6
XeniaHotels	XHR	22.10	0.4

NYSE lows - 20

Stock	Sym	52-Wk Hi/Lo	% Chg
AlticeUSA	ATUS	25.70	-3.3
Cabco JCP PFH	PFH	14.80	-0.3
CobaltIntlEner	CIE	1.10	-4.3
ComstockRscs	CRK	4.44	-3.0
Corts JC KTP	KTP	14.00	-0.9
DeutscheMuniIncmTr	KTF	12.30	-0.4
Dick's	DKS	25.19	-6.8
EastmanKodakWt	KODK.WS	0.06	-25.4
EnvisionHlthcr	EVHC	41.57	-1.3
GeneralElec	GE	22.90	-1.2
HeclaMiningPfd	HLpB	53.00	-3.5
KinderMorganPfdA	KMIpA	40.35	-0.1
KoreaElcPwr	KEP	16.51	-1.8
MBIA	MBI	7.11	-4.9
NewSeniorInvt	SNR	8.72	-0.9
ParkerDrilling	PKD	1.05	-8.7
RiteAid	RAD	1.75	-4.3
Satrn JCPen	HJV	12.64	-1.6
SteelPtrsPfdA	SPLPpA	20.49	-1.0
Switch	SWCH	18.82	-4.4

NYSE Arca highs - 248

Stock	Sym	52-Wk Hi/Lo	% Chg
ALPS EqSecWgh	EQL	66.97	0.2
AdvShDorseyADR	AADR	57.18	-0.3
AdvShNewTech	FNG	21.96	0.8
AlphaCloneAltAlpha	ALFA	42.27	0.1
BarcETNFIEnhEur50	FEEU	131.38	0.4
BarcETN+FIEnhGlHY	FIGY	166.08	0.4
S&PVEQTOR	VQT	152.53	-0.2
BuzzUSSentLdrs	BUZ	30.92	0.7
CambriaGlbMomentum	GMOM	26.78	0.1
ColumbiaSustIntl	ESGN	30.30	0.3
ColumbiaSustUSEqu	ESGS	30.24	...
CS FI LC Grwth	FLGE	203.73	0.9
DirexCSI300CnABl2	CHAU	27.76	0.5
DirexDevMktBl3	DZK	78.30	0.7
DirexESTOXX50Bl3x	EUXL	30.59	2.9
DirexEM Bull3	EDC	116.25	1.4
DirexFTSEEurBull3x	EURL	37.64	0.7
DirexJapanBl3	JPNL	65.56	2.1
DirexS&P500Bull2X	SPUU	45.47	0.5
DirexS&P500Bl1.25	LLSP	34.02	0.3
DirexSemiBl3	SOXL	128.46	2.0
Direx iBillionaire	IBLN	31.53	0.6
ETF Exposure	TETF	17.91	0.7
[illegible]			
HartfordMultiUSEqu	ROUS	29.25	
HullTacticalUS	HTUS	27.86	
IQ50%HdgFTSEIntl	HFXI	21.25	
IQ50%HdgFTSEJapan	HFXJ	21.30	
IQGlbAgribusSC	CROP	35.37	
IQ HedMacrTrac	MCRO	26.35	
IQ HedMultStra	QAI	30.08	
IQLeadersGTAATrkr	QGTA	23.91	
IQRealReturn	CPI	27.62	
iPathCBOE S&P500BW	BWV	76.45	
iPathPBLoad	LEDD	42.06	
iShAggrAllocation	AOA	54.09	
iShConsAllocat	AOK	34.59	
iShCoreDivGrowth	DGRO	32.94	
iShGrwthAllocation	AOR	45.11	
iShCoreMSCIEmgMk	IEMG	55.70	
iShCoreMSCIEurope	IEUR	50.22	
iShCoreMSCIPacific	IPAC	57.33	
iShModAllocation	AOM	38.12	
iShCurrHdgNikk400	HJPX	28.49	
iShCurrHdMSCIJapan	HEWJ	31.40	
iShUS Finls	IYF	114.13	
iShU.S.Technology	IYW	153.36	
iShEdgeMSCIIntlMom	IMTM	30.50	
iShEdgeMSCIIntQual	IQLT	29.28	
iShEdgeMSCIMnVlEur	EUMV	25.66	
iShEdgeMSCIMinJapn	JPMV	65.41	
iShEdgeMSCIMultif	ACWF	29.58	
iShEdgeMSCIMultInt	INTF	28.41	
iShEdgeMSCIMlIntSC	ISCF	31.37	
iShEdgeMSCIUSASC	SMLF	38.81	
iShEuropeETF	IEV	47.35	
iShGlobal100	IOO	89.87	
iShJPX-Nikkei400	JPXN	61.48	
iShACWILowCarbon	CRBN	114.04	
iShMSCIAustriaCap	EWO	23.80	
iShMSCIBelgiumCap	EWK	21.66	
iShMSCICanadaETF	EWC	29.29	
iShMSCI EAFE	EFA	69.29	
iShMSCIEmgMarkets	EEM	46.28	
iShMSCIFranceETF	EWQ	31.25	
iShMSCIGermanyETF	EWG	32.90	
iShMSCIJapanETF	EWJ	56.78	
iShMSCIJapanSC	SCJ	75.09	
iShMSCINetherlands	EWN	31.79	
iShMSCIPolandCap	EPOL	27.79	
iShMSCISouthKorea	EWY	71.86	
iShMSCIThailandCap	THD	88.82	
iShMSCIUSAESGSelct	SUSA	106.11	
iShMSCIWorldETF	URTH	85.30	
iShMorningstarLC	JKD	152.65	
iShMornMCGrowth	JKH	192.93	
iShRussell1000Gwth	IWF	127.35	
iShRussellTop200Gr	IWY	69.04	
iShRussellTop200	IWL	58.61	
iShS&P100	OEF	113.11	
iShS&P500Growth	IVW	145.89	
iShGlobalTechETF	IXN	146.26	

Stock	Sym	52-Wk Hi/Lo	% Chg
UBS FIEnhGlbHY	FIHD	166.47	...
UBS FIEnhLCGrw	FBGX	203.05	0.8
VanEckGlblSpinoff	SPUN	23.87	0.9
VanEckSemiconduc	SMH	96.81	0.7
VangdAWxUSSC	VSS	116.60	0.4
VangdFTSEDevMk	VEA	43.95	0.3
VangdFTSE Europe	VGK	58.88	0.2
VangdFTSE Pac	VPL	69.41	0.3
VangdFTSEAWxUS	VEU	53.54	0.3
VangdGrowth	VUG	135.01	0.3
VangdHiDiv	VYM	82.45	0.1
VangdLC	VV	117.17	0.2
VangdMegaCap	MGC	87.63	0.1

Nasdaq highs - 223

Stock	Sym	52-Wk Hi/Lo	% Chg
[illegible]			
Actua	ACTA	15.95	1.3
AeriePharm	AERI	65.90	16.2
AlignTech	ALGN	193.19	2.0
Alphabet C	GOOG	990.71	1.7
AnaptysBio	ANAB	74.00	-0.7
AppliedMaterials	AMAT	53.38	1.2
ArrowInvDWATact	DWAT	11.56	0.5
ArtesianRscs A	ARTNA	42.09	4.2
AtlanticAcqnUn	ATACU	10.35	0.2
AtlasFinancial	AFH	20.35	...
Atlassian	TEAM	40.95	1.6
AudioCodes	AUDC	7.37	0.6
AveXis	AVXS	104.86	1.4
[illegible]			
HorizNasd100	QYLD	24.25	0.2
HowardBancorp	HBMD	22.00	1.6
HudsonGlobal	HSON	1.70	1.8
IAC/InterActive	IAC	126.38	2.8
I-AM Capital	IAM	10.01	0.4
IXYS	IXYS	24.60	0.4
Ichor	ICHR	31.68	0.5
IderaPharm	IDRA	2.87	3.0
Immucell	ICCC	7.98	7.4
IndustreaAcqn	INDUU	10.18	0.7
Insulet	PODD	60.47	1.3
IntlBcshs	IBOC	42.35	-0.1
iShAsia50ETF	AIA	63.77	0.7
[illegible]			
NewStarFinancial	NEWS	12.31	2.6
NorthrimBanCorp	NRIM	36.70	0.4
NorthwestPipe	NWPX	20.32	1.6
NuvNasd100Dyn	QQQX	22.91	0.2
OhioValleyBanc	OVBC	39.00	0.3
180DegreeCap	TURN	2.23	19.0
OtterTail	OTTR	45.50	0.1
ParagonCommercial	PBNC	59.95	0.7
PayPal	PYPL	68.42	2.6
PeapackGladFinl	PGC	35.06	0.1
Perficient	PRFT	20.22	0.3
[illegible]			
US Lime&Min	USLM	98.43	7.7
uniQure	QURE	11.64	-2.6
UtdCmtyFnl	UCFC	10.00	-0.7
UnitedFinBncp	UBNK	18.77	1.1
UTStarcom	UTSI	2.93	0.3
VangdRuss1000	VONE	117.05	0.1
VangdRuss1000Grw	VONG	130.52	0.3
VangdTotIntlStk	VXUS	55.67	0.5
VSInverseVIXSTerm	XIV	105.50	2.0
VicShDevEnhVol	CIZ	34.46	0.2
VicShIntlVolWtd	CIL	39.76	0.3

Nasdaq lows - 33

Stock	Sym	52-Wk Hi/Lo	% Chg
[illegible]			
Synaptics	SYNA	36.36	0.3
US Gold	USAU	1.63	2.3
Valeritas	VLRX	2.25	5.6
VS2xVIXMedTerm	TVIZ	11.82	-2.3
VS2xVIXShortTerm	TVIX	9.57	-4.2
VSVIXShortTerm	VIIX	15.26	-2.0
Viacom B	VIAB	25.13	-1.4
Viacom A	VIA	33.50	-1.0
Vivus	VVUS	0.86	-2.8
WalgreensBoots	WBA	68.80	-1.3
Xperi	XPER	22.13	-13.9

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Wed's close ($)	% Chg From Offer price	% Chg From 1st-day close	Company SYMBOL IPO date/Offer price	Wed's close ($)	% Chg From Offer price	% Chg From 1st-day close
Switch **SWCH** Oct. 6/$17.00	19.08	**12.2**	–8.4	NuCana **NCNA** Sept. 28/$15.00	15.49	**3.3**	–4.1
Rhythm Pharmaceuticals **RYTM** Oct. 5/$17.00	25.72	**51.3**	–14.3	Roku **ROKU** Sept. 28/$14.00	23.66	**69.0**	0.7
PQ Grp Hldgs **PQG** Sept. 29/$17.50	17.39	**–0.6**	0.8	RYB Edu **RYB** Sept. 27/$18.50	28.40	**53.5**	9.7
Deciphera Pharmaceutical **DCPH** Sept. 28/$17.00	22.38	**31.6**	26.8	Secoo **SECO** Sept. 22/$13.00	6.78	**–47.8**	–32.2
Nightstar Thera **NITE** Sept. 28/$14.00	17.33	**23.8**	–27.8	Oasis Midstream LP **OMP** Sept. 21/$17.00	17.70	**4.1**	5.7

Sources: WSJ Market Data Group; FactSet Research Systems

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Wednesday, October 11, 2017

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	11.41	**0.53**	–9.4
CnsmrDiscSelSector	XLY	91.39	**0.05**	12.3
CnsStapleSelSector	XLP	54.24	**0.20**	4.9
DBGoldDoubleLgETN	DGP	25.08	**–0.12**	24.7
DBGoldDoubleShrt	DZZ	5.44	**–0.57**	–20.7
EnSelectSectorSPDR	XLE	68.43	**0.23**	–9.1
FinSelSectorSPDR	XLF	26.32	**–0.19**	13.2
GuggS&P500EW	RSP	96.41	**0.02**	11.3
HealthCareSelSect	XLV	82.72	**0.19**	20.0
IndSelSectorSPDR	XLI	71.81	**–0.06**	15.4
iShIntermCredBd	CIU	110.02	**0.07**	1.7
[illegible]				

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
iShS&P500ValueETF	IVE	109.25	**–0.01**	7.8
iShUSPfdStk	PFF	38.41	**0.03**	3.2
iShTIPSBondETF	TIP	113.76	**0.12**	0.5
iSh1-3YTreasuryBd	SHY	84.35	**–0.01**	–0.1
iSh7-10YTreasuryBd	IEF	106.40	**0.11**	1.5
iSh20+YTreasuryBd	TLT	124.42	**0.19**	4.4
iShRussellMCGrowth	IWP	114.95	**0.15**	18.0
PIMCOEnhShMaturity	MINT	101.75	**0.03**	0.4
PwrShQQQ1	QQQ	148.04	**0.30**	24.9
PwrShS&P500LoVol	SPLV	46.45	**0.15**	11.7
PwrShSrLoanPtf	BKLN	23.20	**...**	–0.7
SPDRBloomBarcHYBd	JNK	37.19	**–0.13**	2.0
[illegible]				

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least $500 million each. **NAV** is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. **NET CHG** is change in NAV from previous trading day. **YTD%RET** is year-to-date return. **3-YR%RET** is trailing three-year return annualized.

e-Ex-distribution. **f**-Previous day's quotation. **g**-Footnotes x and s apply. **j**-Footnotes e and s apply. **k**-Recalculated by Lipper, using updated data. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **s**-Stock split or dividend. **t**-Footnotes p and r apply. **v**-Footnotes x and e apply. **x**-Ex-dividend. **z**-Footnote x, e and s apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by Lipper; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Wednesday, October 11, 2017

Fund	NAV	Net Chg	YTD %Ret
American Century Inv			
Ultra	43.87	+0.13	25.8
American Funds Cl A			
AmcpA p	31.41	+0.06	17.0
AMutlA p	41.09	+0.07	13.2
[illegible]			
NwWrldA	65.91	+0.25	28.1
SmCpA p	56.25	+0.12	22.3
TxExA p	13.00	...	4.5
WshA p	45.06	+0.08	14.2
Baird Funds			
[illegible]			
Value	21.04	+0.02	8.2
Dimensional Fds			
5GlbFxdInc	11.02	...	2.2
EmgMktVa	30.02	+0.11	27.1
EmMktCorEq	22.28	+0.10	30.2
[illegible]			
GblStock	14.08	+0.04	18.2
Income	13.83	+0.01	4.0
Intl Stk	47.04	+0.19	23.5
Stock	201.86	-0.05	12.6
DoubleLine Funds			
TotRetBdI	10.70	...	3.6
TotRetBdN	10.70	+0.01	3.4
[illegible]			
InvGrBd	11.31	+0.01	3.9
LowP r	52.10	-0.04	13.7
LowPriStkK r	52.06	-0.04	13.8
MagIn	103.82	+0.25	20.3
OTC	106.27	+0.47	33.4
Puritn	23.41	+0.05	14.6
SrsEmrgMkt	21.23	+0.10	35.2
[illegible]			
EqIncA	11.27	-0.02	7.9
John Hancock Class 1			
LSBalncd	15.90	+0.02	12.6
LSGwth	17.04	+0.03	15.9
John Hancock Instl			
DispValMCI	23.93	-0.02	11.5
JPMorgan Funds			
[illegible]			
Oppenheimer Y			
DevMktY	42.18	+0.22	31.[illegible]
IntGrowY	43.08	+0.15	24.[illegible]
Parnassus Fds			
ParnEqFd	43.44	+0.07	11.[illegible]
PIMCO Fds Instl			
AllAsset	NA	...	NA
[illegible]			

New Rule Reduces Broker Poaching

By Lisa Beilfuss

A new retirement-savings rule is helping to curtail an expensive practice that Wall Street executives have long bemoaned: paying big bonuses to lure brokers from rival firms.

The fall in recruitment costs, driven in part by the introduction of the fiduciary rule, is expected to help boost earnings among brokerages when they report quarterly results this month.

Brokerages have long engaged in "prisoner exchanges"—poaching each others' employees in their rivalry for talent and assets. They offer signing bonuses worth hundreds of thousands of dollars or more, representing significant chunks of brokers' compensation packages.

Such bonuses usually come through promissory notes, or loans that are forgivable after about seven years. These are structured to help retain brokers in a business where clients tend to follow them as they move. A broker who leaves before the term of the contract must repay the remainder. If, for example, a broker who received a $1 million seven-year recruitment loan and left after just two years would have to pay back about $714,000 before interest.

But the loans are a heavy burden for brokerages, representing billions of dollars on firms' balance sheets.

The fiduciary rule, which went into partial effect in June, requires stewards of retirement accounts to act in clients' best interest rather than sometimes selling products that are simply more lucrative to the brokers themselves. One part of it, requiring "reasonable compensation," is helping to speed up a decline in broker poaching because the big bonuses may run afoul of the rule.

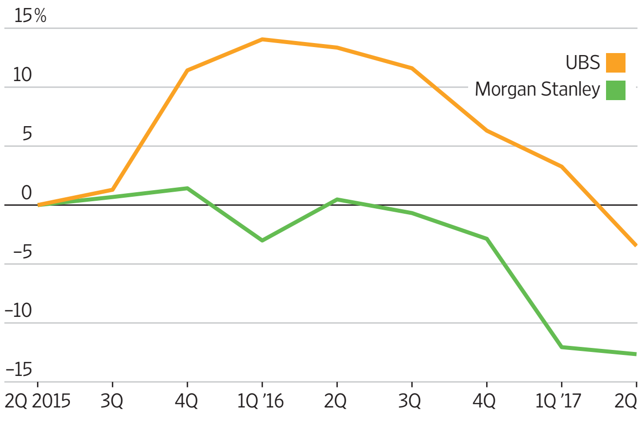
The financial industry fought the regulation, saying it limits access to investment advice and choice. But it has also provided them with a boon. It has boosted firms' revenue as firms shift clients into accounts that charge fees, often more lucrative than commissions that can violate the regulation. And a reduction in hefty expenses tied to recruitment signing bonuses stands to benefit earnings.

After taking office this year, the Trump administration delayed full implementation of the fiduciary rule as it evaluates whether to preserve it.

But Devin Ryan, a financial-industry analyst at JMP Securities, said the change will have an enduring impact on the industry no matter the outcome. "The rule has driven a rationalization in the recruiting landscape" that will potentially save brokerages money, he said.

Bonus Burden

Recruitment loans at Morgan Stanley and UBS have been declining in recent quarters. Expenses tied to such loans are likely to keep falling as brokerages move away from high-cost poaching.



Source: the companies THE WALL STREET JOURNAL.

In the most recent quarter, **Morgan Stanley** and **UBS Group** AG reported double-digit percent declines in the amount of recruitment loans to their financial advisers from a year earlier—13% to $4.24 billion and 15% to $2.75 billion, respectively.

The costs have been falling for both firms since mid-2016, around the time the Obama administration unveiled the fiduciary rule in an effort to save billions of dollars in hidden fees and lost earning potential for retirement investors.

The fall in broker poaching is "certainly an environment that is healthier for the firms," said Andy Tasnady, an industry consultant specializing in compensation plans. "It had just gotten out of hand," he said, becoming "a very high-price option for growing your adviser base."

The "reasonable compensation" part of the rule has driven some firms to rein in big signing bonuses structured as forgivable loans. In October 2016, for example, Morgan Stanley said it would pull the incentive-filled back-end portions of recruitment packages it offers brokers to eliminate potential conflicts that are problematic under the rule.

The rule has also likely made firms more careful about bringing in unfamiliar advisers and books of business, Mr. Ryan said. This is further relieving pressure to effectively trade brokers with competitors and rent client assets.

Brokerages had been hesitant to pull back from recruiting if their rivals wouldn't. But UBS's U.S. wealth-management arm said last year that it would reduce by 40% the number of brokers it recruited annually as part of a broader move to improve profitability in the Swiss bank's U.S. wealth unit. Rivals Merrill Lynch and Morgan Stanley subsequently pulled back on recruitment.

These recruiting changes should translate to improved profitability across the industry, stretching over the coming years as expenses connected to broker loans come off balance sheets, Mr. Ryan said. The four big brokerages begin reporting earnings on Friday, with Bank of America Corp.'s Merrill Lynch and Wells Fargo & Co.

BNP Won't Fund Oil-Sands, Shale Projects

By Noemie Bisserbe And Sarah Kent

PARIS—French lender **BNP Paribas** SA said it would no longer finance shale and oil-sands projects, in one of the clearest signs yet the banking industry is re-evaluating its relationship with the oil sector amid mounting pressure from investors and governments over environmental issues.

France's largest listed bank said Wednesday that it would stop working with companies whose main business is the exploration, production, distribution or marketing of oil and gas from shale or oil sands.

"These measures will lead us to stop financing a significant number of players that don't further the transition toward an economy that emits less greenhouse gas," BNP Paribas Chief Executive Jean-Laurent Bonnafé wrote in a post on LinkedIn published Wednesday.

BNP Paribas is one of the first banks to eschew parts of the oil sector. Many governments are taking steps to curb emissions and investors have been increasing pressure on companies over their environmental footprints.

"Shareholders want to invest in companies that have a sustainable business model and are resilient in the event of new climate laws and regulation," said BNP Paribas's global head of corporate social responsibility, Laurence Pessez.

Earlier this year, a panel of top financial institutions and companies led by Michael Bloomberg published a series of guidelines pushing for companies to disclose more about the impact of climate change on their businesses.

"I think personally the writing is on the wall over the medium term for the most carbon-intensive fossil fuels," said Mark Lewis, a member of the panel. It is backed by the Financial Stability Board, a body that makes recommendations to the Group of 20 nations about financial regulation and policy.

"The banks will adapt like all other companies to changing economics and changing investor preference," Mr. Lewis added.

Exxon Mobil Corp. faced a shareholder revolt this spring as investors ignored management recommendations and voted in favor of a resolution calling for more information on how climate change and regulation could affect the company.

Still, there is little sign that the oil industry is facing difficulty raising money.

The shale oil sector has boomed over the last three years, despite a steep drop in oil prices. Most shale developments are in the U.S. where the Trump administration has rolled back tougher environmental regulation. U.S. companies also have access to a deep pool of investors and banks.

BNP Paribas has already made moves to reduce its financing of coal mines and coal-fired power plants and expand its investment in renewable energy.

Earlier this year, BNP Paribas said it wouldn't finance coal companies that aren't seeking to diversify their energy sources.

Dump trucks loaded with oil sands drive through the Suncor Energy mine near Fort McMurray, Alberta, Canada.

CFTC To Delay Swaps Decision

By Gabriel T. Rubin

WASHINGTON—The U.S.'s derivatives regulator plans to delay rules that would require more firms to register as swaps dealers, a move that buys more time without stricter oversight for energy and agricultural companies that use the products to hedge risks.

Commodity Futures Trading Commission Chairman J. Christopher Giancarlo announced the move Wednesday at a House committee hearing, saying the agency needed more time to consider whether it should narrow the number of firms that must register as dealers. "The goal is to get the right result, not a rushed result," he said.

Swaps and other derivatives contributed to the financial crisis, including the collapse of American International Group Inc. In response, the 2010 Dodd-Frank regulatory-overhaul law gave the CFTC authority to regulate the bulk of the multitrillion-dollar swaps market. Dodd-Frank mandated that the threshold for registering with the CFTC as a swaps dealer, which comes with expensive margin and capital requirements, be lowered to $3 billion in notional value from $8 billion.

The lower threshold was meant to go into effect next year, after already being delayed once during the Obama administration. This delay will be the last one, Mr. Giancarlo said, adding he expects the CFTC to make a final rule on the matter during the first half of 2018.

The CFTC will vote in the coming weeks on a one-year delay, Mr. Giancarlo said. Given the Republican majority on the three-member commission, it will likely pass.

Mr. Giancarlo, a Republican, said the CFTC must do more market analysis of the firms that could be affected before reaching a final decision on a threshold—the same rationale used by his Democratic predecessor Timothy Massad when he delayed a decision the first time in 2016.

Democratic commissioner Russ Behnam criticized Mr. Giancarlo's announcement, saying the additional delay would "only serve to prolong uncertainty for market participants and create market risk."

The commission's third member, Republican commissioner Brian Quintenz, also criticized the uncertainty surrounding the decision, and said he supports keeping the threshold at $8 billion permanently.

Firms that don't primarily use swaps for speculative purposes have been the key critics of a lower threshold, saying it would hamper their ability to hedge against commodity-price fluctuations. Energy and agricultural companies, as well as large purchasers of commodities such as airlines, argue that their use of swaps is a risk-management technique that doesn't present systemic risk, unlike with larger financial firms that use swaps for speculative purposes.

AllianceBernstein Plans To Shift New York Staff

By Sarah Krouse

AllianceBernstein Holding LP is in talks to shift some staff out of New York in the latest example of money managers trying to cut expenses as investors plow money into index-tracking funds with lower fees.

The plans, unlikely to be completed until late 2018, are part of a broad cost-cutting effort at the money manager as its parent insurer, **AXA** SA, prepares an initial public offering of a combined U.S. life-insurance and asset-management firm, according to people familiar with the matter. AllianceBernstein is considering moving staff to locations including Charlotte, N.C., where AXA is expanding its footprint, and San Antonio, where AllianceBernstein already has an office.

No final decisions have been made, and the firm may ultimately decide to keep its staff in New York, the people said. The firm's chief executive told staff in a town hall meeting last week that it was considering a number of options for its real-estate footprint, including moving some staff out of state, one of the people said.

AllianceBernstein has 3,438 employees globally, according to its annual report, with most based in New York, London and Hong Kong. It has been working to downsize its global office footprint since 2010.

At the end of last year, it occupied about 40% of the 992,043 square feet of space at its New York headquarters under a lease that runs through 2024, and sublet the balance. It also rented space in two other New York City locations and in White Plains, N.Y., according to the annual report.

Money managers are trying to trim costs amid unprecedented changes in the economics of their industry as investors shift money out of active funds managed by stock pickers and into passive index and exchange-traded funds. Many investors have lost faith in so-called active managers' ability to pick winners and have opted to instead pay less to match the performance of an index.

Those funds have gained even more momentum in recent months as stock markets have reached new highs.

Modest Start to Deregulation

By Dave Michaels

WASHINGTON—A government overhaul of regulations that are blamed for discouraging many hot startups from going public is getting off to a modest start.

The Securities and Exchange Commission, which under the Trump administration is seeking to juice up the market for initial public sales, voted unanimously Wednesday to approve a proposal that would simplify some disclosures that public companies provide to investors. A Republican SEC commissioner called it an "incremental change."

"Today's amendments are not an exercise in slash-and-burn clear-cutting," said SEC Commissioner Michael Piwowar, a Republican on the three-member body. "They are incremental changes—a snip here, a snip there."

Under the plan approved Wednesday and put out for public comment, companies would no longer have to seek regulatory approval to withhold less significant contract information from filings that they believe are still commercially sensitive.

The SEC's rule proposal also would allow companies to omit information about executives or workers that they believe is private, such as Social Security numbers, addresses or dates of birth.

Under current rules, companies often first submit these records as parts of larger filings to the SEC, while asking the staff's permission to keep private data out of the public domain.

SEC Chairman Jay Clayton said the plan doesn't get rid of information that investors need to trade.

The SEC, which last month disclosed a hack of its corporate-filing system, is trying to limit the volume of information it receives that isn't material to investors but could be damaging to individuals or companies if disclosed.

Other aspects of the SEC's plan would simplify narrative disclosures that investors use to better understand a public company's financial performance and future prospects. SEC Chairman Jay Clayton, a Trump administration appointee, said the proposal doesn't get rid of any information that investors need to make buy or sell decisions.

Many of the plan's ideas are modest and technical. For instance, companies would no longer have to include a comparison of the prior year's earnings and other performance metrics from the two prior years. Instead, firms could simply discuss their performance during the two most recent years.

"The proposed amendments are designed to discourage repetitive and immaterial disclosures, and make disclosure more accessible," William Hinman, the SEC's director of corporation finance, said at the meeting where commissioners approved the plan.

The SEC's vote on Wednesday opens a 60-day public-comment period during which investors and other parties can provide feedback. The three-member commission would have to vote again in the future to complete the changes.

IMF

Continued from page B1

more than 50%, almost three times the gains of the broader market. The stock also is trading near its book value, or net worth; it last hit that level in September 2008. In June, the Federal Reserve allowed Citigroup to return nearly $19 billion in capital to investors through higher dividends and increased share buybacks.

Barclays and Standard Chartered, have been shedding asset and business lines to become more profitable. UniCredit, over the past year, took a number of actions to shore up its finances and improve profitability, including raising €13 billion ($15.3 billion) in fresh equity, selling a multibillion portfolio of bad loans and cutting costs.

—Jenny Strasburg and Margot Patrick contributed to this article.

China Manages to Inject Calm in Markets

Ahead of congress, officials aim to ensure stability; sending in the 'national team'

BY SHEN HONG

SHANGHAI—China's stock market has been edging higher ahead of a major meeting starting next week that will determine the Communist Party's leadership for the next five years.

EQUITIES

The market's calm, though, has mostly been stage-managed by Beijing.

Chinese market regulators have taken steps to ensure stocks remain stable ahead of the party congress, which starts Wednesday and is expected to see Xi Jinping confirmed as China's leader for another five years, including measures designed to stop big investors from excessive share selling. Meanwhile, large state-backed investment funds have been intervening to limit market swings in recent days, several traders say.

Beijing's calming efforts appear to have worked. The Shanghai Composite Index, China's main stock benchmark, has gained 0.7% since the start of September, just before regulators commenced their campaign. On Wednesday, the index closed up 0.2% nd early Thursday was flat.


AGENCE FRANCE-PRESSE/GETTY IMAGES

Dancers in Rongan mark the coming Communist Party meeting. State-backed investment funds have intervened to limit market swings.

The relatively small movement in stocks recently continues an unusually calm year in China's stock markets. In line with other major international markets, volatility in Chinese shares has dropped to multiyear lows.

China's central bank has been guiding the yuan, China's currency, to mostly stronger levels this year. Large state-owned lenders have been stepping into the market in recent days to ensure the yuan doesn't fall too far against the dollar during daily trading in onshore markets, traders say.

The authorities' determination to maintain market stability, or *wei wen* in Chinese, has been conspicuous in the country's $8.6 trillion stock market, the world's second largest.

Last month, China's securities regulator summoned the heads of several large brokerages for meetings to instruct them to help ensure market stability ahead of the coming party congress, according to two people familiar with the situation.

At a subsequent meeting, on Sept. 25, the head of the China Securities Regulatory Commission, Liu Shiyu, called on fellow senior officials at the regulator and major stock exchanges to keep the markets calm, urging them to understand the importance of doing so "from the height of political consciousness."

The regulator has also used informal instructions to achieve its stability goal, including warning some major fund managers against selling more shares than they buy on a daily basis, according to senior executives at two asset-management firms.

The Shanghai Stock Exchange has ordered the country's largest brokerages to closely monitor unusual fund movements in clients' accounts, said an executive at a Shanghai-based brokerage. "We need to send in a report to the exchange at the end of every trading day to say that everything is OK," he said.

Aside from regulatory guidance, state-backed investment funds such as **China Securities Finance** Corp. and **Central Huijin Investment** Ltd. have been acting to prevent the stock market both from slumping or overheating. These funds, nicknamed the "national team," have performed a similar role in China ever since a Chinese market crash in the last half of 2015.

After the Shanghai index opened up 1.6% on Monday, the national team dumped large financial stocks to take some heat out of the market, said a person familiar with the matter, helping to erase half the market's initial gain by the time trading ended.

"Wei wen is Chairman Liu's top priority right now, and he doesn't like excessive rallies. That's why the national team was sent in," said the person.

—Yifan Xie contributed to this article.

Treasurys Fall a Little As Fed Is Cautious

BY AKANE OTANI

U.S. government bonds inched lower after minutes from the Federal Reserve's latest policy meeting showed that most officials believed they would raise short-term interest rates again this year.

CREDIT MARKETS

The yield on the benchmark 10-year U.S. Treasury note settled at 2.346%, compared with 2.343% Tuesday. Yields rise as bond prices fall.

Bond yields hovered near the flatline, then ticked higher after the Fed released minutes from its Sept. 19-20 meeting, where it left interest rates unchanged but signaled it could raise rates once more in 2017.

Heading into Wednesday afternoon, analysts had said an unexpectedly hawkish tone from Fed officials could pressure the bond market.

Yet Wednesday's minutes were largely in line with what analysts had expected: that policy makers are leaning toward raising interest rates once more this year, though they are continuing to debate whether a streak of soft inflation readings reflects longer-lasting developments, rather than temporary weakness.

As long as the Fed continues to indicate it will move cautiously in tightening policy, bond yields should remain in a narrow range, said Eric Souza, senior portfolio manager for SVB Asset Management. Tepid price increases have helped support Treasurys, whose fixed returns are worth less in an inflationary environment.

"A big part of the reason why we've been stuck in this range most of the year has been due to the Fed doing a really good job of telegraphing their intentions," Mr. Souza said.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

THREE-YEAR NOTES

Applications	$68,022,781,200
Accepted bids	$24,000,066,200
" noncompetitively	$76,484,200
" foreign noncompetitively	$100,000,000
Auction price (rate)	99.906770 (1.657%)
Interest rate	1.625%
Bids at clearing yield accepted	65.06%
Cusip number	9128282Z2

The notes, dated Oct. 16, 2017, mature on Oct. 15, 2020.

NINE-YEAR, 10-MONTH NOTES

Applications	$50,863,966,300
Accepted bids	$20,000,021,500
" noncompetitively	$10,166,300
" foreign noncompetitively	$0
Auction price (rate)	99.158502 (2.346%)
Interest rate	2.250%
Bids at clearing yield accepted	17.96%
Cusip number	9128282R0

The notes, dated Oct. 16, 2017, mature on Aug. 15, 2027.

Three Stock Indexes All Close at Records

BY AMRITH RAMKUMAR AND MIKE BIRD

U.S. stocks rose to fresh records, with gains accelerating toward the end of an otherwise quiet trading session.

Robust earnings growth has buoyed major stock indexes this year, even in the face of recent geopolitical risks. Economic data also have been generally positive, with the Federal Reserve signaling its confidence that the U.S. economy was strong enough to support further rate increases. Growth in other parts of the world also has given investors confidence.

WEDNESDAY'S MARKETS

"This is a period when international growth is really doing much better than we've seen in years," said David Kelly, chief global strategist at J.P. Morgan Asset Management. "Strong growth overseas and a weaker dollar are going to push up revenue and earnings for companies with a lot of overseas exposure," he said.

The Dow Jones Industrial Average added 42.21 points, or 0.2%, to 22872.89. The S&P 500 climbed 4.60, or 0.2%, to 2555.24, and the Nasdaq Composite advanced 16.30, or 0.2%, to 6603.55. All three indexes set all-time highs.

Shares of consumer-goods companies helped lift indexes for a second straight day.

Kroger rose 25 cents, or 1.2%, to $20.78, after the grocer reaffirmed its sales outlook for the year, a day after **Wal-Mart Stores** shares rose to their highest level since February 2015. Wal-Mart added 1.60, or 1.9%, to 85.73, Wednesday.

Colgate-Palmolive advanced 1.83, or 2.5%, to 74.73, following a SunTrust Robinson Humphrey analyst upgrade to "buy" from "hold."

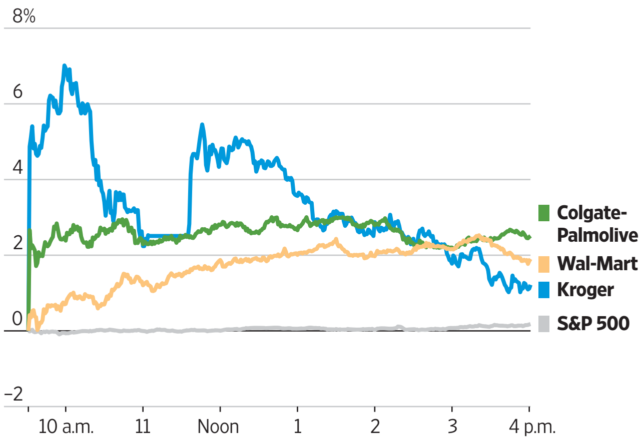
Corporate earnings also drove some of the day's biggest moves.

Delta Air Lines rose 37 cents, or 0.7%, to 53.07, following the airline operator's upbeat guidance for the fourth quarter, though earnings fell in the most recent period.

Fastenal fell 35 cents, or 0.8%, to 44.51, after the maker of fasteners, tools and supplies reported earnings that were in line with analysts' projections.

Going Shopping

Kroger, Colgate-Palmolive and Wal-Mart Stores lifted the consumer-staples sector of the S&P 500 Wednesday.



Source: FactSet

THE WALL STREET JOURNAL.

The biggest banks begin reporting earnings this week, with **J.P. Morgan Chase** and **Citigroup** on tap for Thursday.

Market reaction to minutes from the Fed's latest meeting was muted. The release showed most officials believed at their meeting last month that they would likely raise short-term interest rates again this year, though some said their decision would hinge on whether inflation picks up in coming months.

Although inflation has remained below the Fed's 2% target this year, some consumers are starting to believe that it will rise, according to a September survey by the Federal Reserve Bank of New York. Some investors have said strong September wage growth could lead to higher inflation.

"We're moving in that upward trajectory on the wage growth side, which certainly is I think the key measure for the Fed as we move forward," said Shannon Saccocia, head of asset allocation and portfolio strategy at Boston Private.

Treasury yields and the dollar were little changed Wednesday. The yield on the 10-year Treasury note rose to 2.346%, from 2.343% Tuesday. Yields rise as prices fall. The WSJ Dollar Index, which tracks the U.S. currency against 16 others, fell 0.2%.

Elsewhere, the Stoxx Europe 600 index was little changed, but Spain's IBEX index surged 1.3% after Catalonia's president stopped short of unilaterally declaring independence from Spain immediately. Spanish Prime Minister Mariano Rajoy asked the Catalan government on Wednesday for clarity over whether it was declaring independence.

Hong Kong's Hang Seng Index slipped 0.4% after closing at its highest level since 2007 on Tuesday. Early Thursday, the Hang Seng Index was flat, while South Korea's Kospi was up 0.2%..

Japanese Shares Reclaim a Slippery Milestone

BY KOSAKU NARIOKA

TOKYO—The Nikkei Stock Average closed at a two-decade high, driven by stronger earnings, an improved economy and a better environment for shareholders.

The Nikkei on Wednesday rose 57.76 points, or 0.3%, to 20881.27, up 9.2% on the year and its highest close since Dec. 5, 1996, less than a day before then-Federal Reserve Chairman Alan Greenspan sent stocks plunging by warning about the market's "irrational exuberance," wondering whether assets prices had reached unsustainable levels. Early Thursday, the index was up a further 0.3%.

Some money managers say they believe Japan is finally ready to break out of a rut that is more than a quarter-century old. But skepticism about the long-term outlook remains because of the nation's aging population and trade-dependent economy.

Over the past 2½ decades, the Nikkei has broken above 20000 several times only to lose ground later. It has never gotten anywhere close to its all-time close of 38915.87 on Dec. 29, 1989.

A previous surge above 20000 in 2015 fizzled out after fears emerged about China's economic outlook.

In the current rally, as in previous cases, Japan is lagging behind global peers such as the U.S., where stock prices have set numerous records this year.


YOSHIO TSUNODA/AFLO/ZUMA PRESS

The Nikkei Stock Average's close Wednesday is its highest in two decades and is up 9.2% on the year, but the nation's aging population is one factor stoking unease about the long-term outlook.

While some investors are drawn mainly by Japan's low valuations, changed corporate behavior and signs of a longer-term economic pickup are also attracting global money managers.

Pretax profits at Japanese companies, excluding financial firms, increased 23% from a year earlier to a record ¥22 trillion ($195.65 billion) in the April-June quarter, according to the Ministry of Finance. Companies are taking shareholder-friendly moves such as bringing in more independent directors and buying back shares.

Dariusz Czoch, who helps manage about $3 billion in international stocks at **Federated Investors** Inc., said tight labor markets in Japan appear to be generating higher wages for temporary workers.

"In the past, it was difficult for us to invest in Japan because of lack of transparency and corporate-governance issues, and also the country itself for the last two decades was quite difficult...because of deflation," said Mr. Czoch. "We are changing our mind-set."

He said his team has been spending more time on Japan and gradually increased the weighting of Japanese shares, with holdings including small-motor maker **Nidec** Corp. and factory-automation specialist **Daifuku** Co.

Prime Minister Shinzo Abe, who is one of postwar Japan's longest-serving leaders with nearly five years in office, has helped push markets up by encouraging loose monetary policy. The Bank of Japan's annual ¥6 trillion purchases in exchange-traded stock funds provide a steady source of buying through market ups and downs.

Still, the Japanese economy underpinning the Nikkei remains shaky, especially because wages haven't increased broadly enough under Mr. Abe to spark solid consumer spending.

Money managers said there was little exuberance in the market despite the two-decade high, and volume has been lackluster.

Takashi Hiratsuka, trading group leader at Resona Bank's asset-management division, said favorable machinery orders Wednesday helped nudge the market up but uncertainty remained over Japan's Oct. 22 election and North Korean aggression. "We can't be fully optimistic," he said.

And stock returns, while improved, trail the U.S. and Europe. According to Nomura Securities, return on equity for Japanese companies—a measure of how efficiently they are using their funds—averaged 9.8% at the end of September, based on expected earnings in the following 12 months.

That is up from 8.1% five years ago but still below 17.7% in the U.S. and 12.5% in Europe excluding the U.K.

David Ragan, who manages 15 billion Canadian dollars (US$12 billion) in international stocks at Calgary-based **Mawer Investment Management** Ltd., said many Japanese companies fell short, and his fund has less Japanese shares than a benchmark index would suggest as it has for three decades.

"We still do see fairly significant difference in governance quality and management quality in Japan," Mr. Ragan said.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

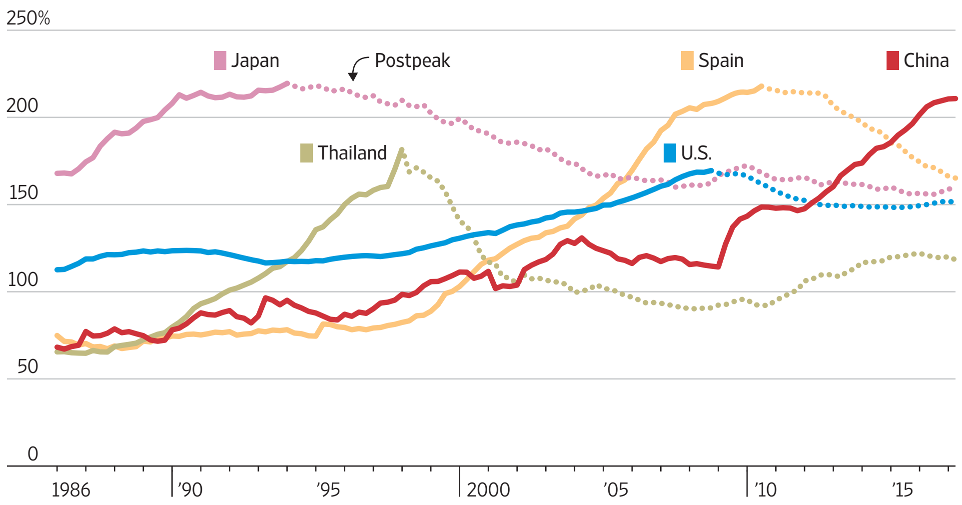
Six Reasons Why China Matters

The course China's leaders set for their country over the next five years will have a major bearing on global markets and the economy. China is more than merely big. The opening of its economy, the development of its financial markets and the rising wealth of its citizens have integrated it into the rest of the world like never before. Growth, inflation, jobs, financial markets—China will touch them all. In six charts, here is why investors need to watch China carefully.

Mounting Debt

The biggest fear coming out of China is debt. China's growth over the past decade has been driven by borrowing that has pushed up the country's debt-to-GDP to worrisome levels. Nearly every analysis of risks to the global economy includes a debt crisis in China, which is no surprise because the country's debt has risen as fast as it did for other countries that had financial crises.

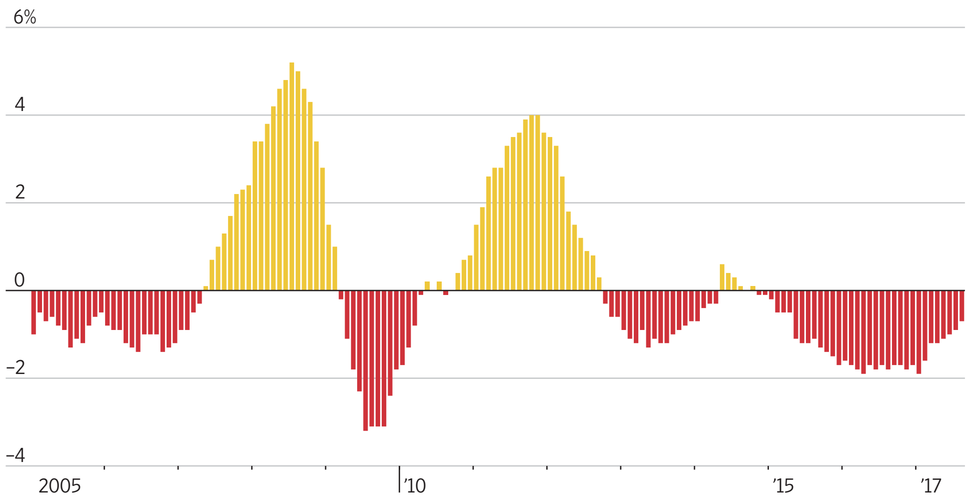
Nonfinancial debt as a percentage of GDP



The China Price

The China price—the price of imports from China—has exerted a powerful influence on the U.S., challenging domestic manufacturers while helping to drive inflation lower. Rising wages in China may push prices higher, making U.S. manufacturers more competitive but pushing up prices for consumers.

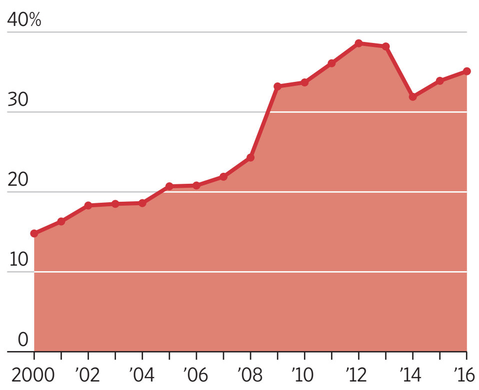
Prices for U.S. imports from China, change from a year earlier



What a Healthy China Means

A healthy China matters a lot to the world. Without strong Chinese growth, global gross domestic product would have increased by a third less over the past five years.

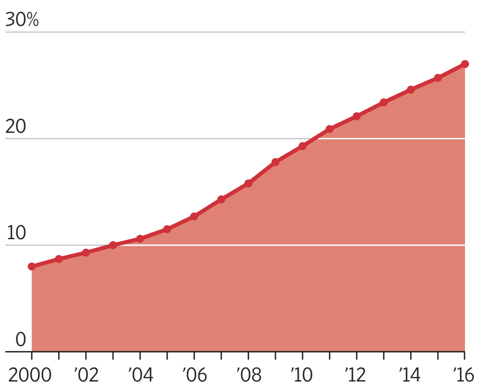
China's share of world GDP growth, five-year rolling average



Raising the Stakes

Breakneck growth has raised Chinese incomes, not just giving people a place at the global economy's table but a stake in it performing well.

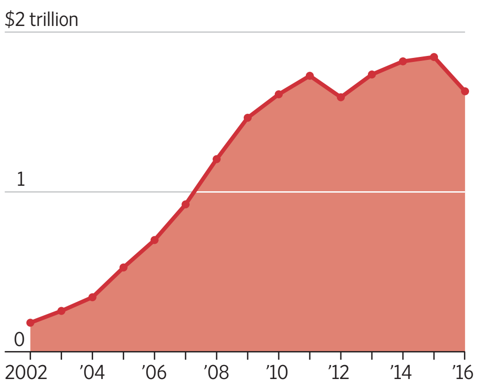
China's GDP per capita as a percentage of U.S. GDP per capita*



Trade-Off

A flip side of U.S. trade deficits with China is that China has amassed over $1.5 trillion in U.S. securities. A recurrent worry: What would happen if China sold?

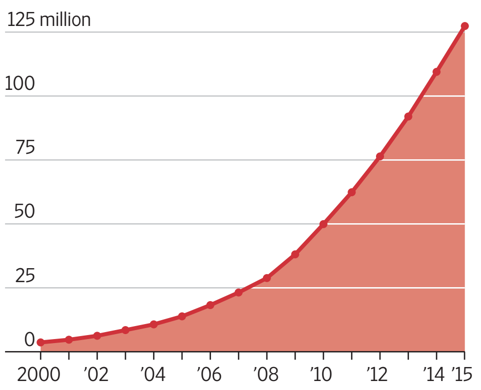
Chinese holdings of U.S. securities



The Chinese Customer

Industries from mining to technology to autos are increasingly dependent on Chinese customers. The number of private vehicles in China has soared, making it the world's biggest car market.

Number of private passenger vehicles



*Adjusted for currency purchasing power

Sources: Bank for International Settlements (debt); Labor Department (prices); International Monetary Fund (share of world growth, GDP per capita); U.S. Treasury Department (holdings); National Bureau of Statistics China (vehicles)

Justin Lahart/THE WALL STREET JOURNAL.

STATE

Continued from page B1

allies have decided to strengthen state-controlled companies by boosting their market power and easing their debt burdens.

For investors, the implications are significant: higher global goods prices because state-owned companies are notoriously inefficient, and a smaller chance of the long-feared Chinese debt crisis. Corporate debt, which is largely in the state-owned sector, edged down as a percentage of gross domestic product in the second quarter, according to J.P. Morgan Chase, the first decline since 2011. The trade-off is slower Chinese growth. Chinese banks, whose shares are on a tear, will need to keep subsidizing bloated state enterprises. And those enterprises' need for a deep pool of capital inside China means a free-floating yuan will remain a distant dream.

State-owned businesses have been struggling because of their unique role. They benefit from cheap bank loans but give lots in return: Some still run hospitals and schools. Nearly all support more people than they need.

China National Petroleum is one of only three significant upstream oil companies in China, all state-owned. Prices are regulated, but its dominance often allows it to strong-arm customers and the bureaucracy.

Most state-owned enterprises, with less clout, have found themselves fighting nimbler private rivals over a slower-expanding pie in recent years. Their margins have cratered in sectors such as steel, flooded by private capital during the boom years. The aggregate return on assets for the state-owned industrial sector, as high as 6% in 2007, now is barely 3%, not only well below the 7% average for all industrial companies but the average bank lending rate of 5%. The debt of state-owned companies has mushroomed to threaten the entire financial system.

There are two ways to deal with the debt. The government could pay it off or the companies could.

Mr. Xi, apparently believing private companies already have too much influence, has opted to boost the market power of some remaining state-owned enterprises.

Mergers between state-owned giants like power and coal companies Guodian and Shenhua are the most obvious result. China's much-ballyhooed industrial "capacity cuts" are another. Forced steel-mill closures this year, a big factor behind higher global prices, have primarily affected privately owned mills.

Remaining state companies may enjoy fatter profits from the higher prices for basic goods, but they mean higher costs for downstream industries in which the private sector is stronger. The average profit margin for state-owned industrial companies was 6.3% in August, up from 3.8% in early 2016. For private companies, it was 5.7%, nearly exactly where it was a year ago.

China's private sector remains dynamic, and profits in some areas—like tech—are increasing rapidly.

But the state is encroaching even on the internet giants, such as when it recently cajoled the likes of Tencent Holdings and Alibaba Group Holding into purchasing 13% of struggling state telecom company China Unicom.

For investors, the tilt back toward the state means that innovative privately owned tech and consumer companies may continue to outperform but probably less so than in the past. State-owned titans, enjoying privileged market positions, may reward investors more reliably: The state-dominated Shanghai stock market has roundly outperformed the technology-and-consumer-focused Shenzhen market this year.

Deng Xiaoping, the grandfather of China's economic overhauls, famously said that it was acceptable to let "some people get rich first." The people are far richer than they were three decades ago. Now, it's the state's turn once again.

Watch Out as Loans Overtake Junk Bonds

Yield-hungry investors have made borrowing easier than ever for riskier companies. One sign: This year, loans have raced ahead of bonds as the preferred form of debt. But when interest rates rise, this preference could mean trouble.

The key difference between loans and bonds is that the interest on loans is usually charged at a floating rate, which investors desire now because they won't lose out when underlying interest rates rise. Most bonds pay a fixed-rate coupon.

But the very thing that is attractive to investors will become a big problem if interest rates rise sharply. For borrowers, which are mainly companies owned by private-equity firms or others with high debt levels, the costs of servicing their debt will increase, cutting profits or creating cash-flow problems.

And what is troubling some experienced investors is that the past decade of interest rates stuck at rock bottom levels in the U.S. and Europe has led the market to forget about the risk of rates rising. In the past, loans generally contained conditions, known as covenants, that borrowers must fix some portion of their interest costs or use some other form of hedging against rate rises. But in the past three to four years, that demand for rate protection has progressively disappeared.

There are reasons not to get too concerned about this issue. Granted, the volume of new loans has been hot: In Europe, leveraged loan issuance overtook high-yield bonds at the end of 2016 for the first time since 2009, while in the U.S. loan issuance has rocketed to more than half a trillion dollars in the past year, double that of junk bonds.

However, in terms of the stock of all outstanding corporate debt, investment grade and riskier high-yield debt, only about one-fifth is floating rate in Western Europe and about one-quarter in North America, according to S&P Global Market Intelligence. Also, the costs of debt are low. Many riskier companies pay an interest rate of 3% to 4% on top of a benchmark floating rate such as the three-month London interbank offered rate.

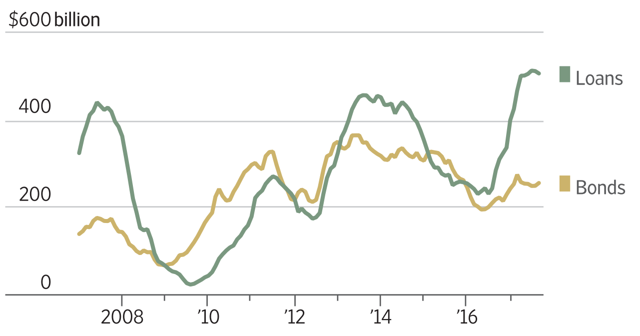
In the U.S., that rate is just 1.35%, while in Europe it is a negative 0.38%. For the total interest costs of a U.S. floating rate borrower to double, the Federal Reserve would have to raise rates by at least 4 percentage points. That seems unlikely even in the medium term.

For now, this is an issue to watch closely, rather than one to cause real fright.

—Paul J. Davies

Lending Surge

U.S. issuance of high-yield bonds and loans on a 12-month rolling basis



Source: S&P LCD

THE WALL STREET JOURNAL.

Zuckerberg's Ambitious Oculus Vision Is a Long Way From Reality

Mark Zuckerberg has answered the question of whether he is still committed to virtual reality. Other questions remain unanswered, though.

At **Facebook**'s main developers conference six months ago, Mr. Zuckerberg appeared to pivot his focus to augmented reality, VR's close cousin. The runaway success of the "Pokémon Go" mobile game inspired the young CEO, as did likely the threat posed by rival Snapchat. Left largely unmentioned at the time was Oculus, the virtual reality company Facebook snapped up for $2 billion in 2014 that had generated lackluster sales from the commercial launch of its first headset over the previous year.

On Wednesday, Mr. Zuckerberg greeted nearly 3,000 Oculus developers with a long-term goal of getting a billion of the world's population onto VR. The company also announced new products, including headsets that won't require tethering to a powerful computer to operate. One of those will launch next year for $200, half the price of the company's current Rift model. A more powerful version will be shared with developers next year, though no price or launch date was given.

High-end virtual reality has been stymied by high prices, plus the need for expensive computers to run it on. The latest moves are a step in the right direction. But Facebook and its rivals still lack a killer app that can help sell the concept. Oculus said it is working with video-game developer Respawn on a new title, but it isn't expected until 2019.

Longer term, Mr. Zuckerberg's vision will require getting everyday consumers over the significant challenges posed by VR. It is unclear whether his company's recently tarnished image from the U.S. presidential campaign will hurt much in that regard. The limited impact of Oculus to Facebook's strong advertising business means investors can roll with Mr. Zuckerberg's vision for now. Whether the rest of the world will eventually come along remains a $2 billion question.

—Dan Gallagher

OVERHEARD

Here's a fresh setback for U.S.-Russia relations: The U.S. men's soccer team fell to Trinidad and Tobago on Tuesday and failed to qualify for the World Cup.

For Russia, hosting the event in 2018, that means likely missing out on an influx of rich American tourists next summer. Instead, it has to pin its hopes on visitors from Panama—a country with just 0.3% the gross domestic product and 1.1% the population of the U.S.—whose team qualified for the first time thanks to a controversial goal against Costa Rica.

A similar disputed goal eight years ago, by contrast, was a winner for 2010 host South Africa, according to a 2015 paper in the Journal of Sports Economics. The handball pushed France past Ireland, and so—because France is more populous and its tourists are richer—added more than 1% to foreign tourism spending that year in South Africa, the paper found.

The two authors—economics professors from South Africa and Spain—concluded that the tourism boost from hosting the World Cup persists even after the tournament is over. Only 239,000 Americans traveled to Russia last year, according to data provider CEIC, so there's plenty of upside. But the U.S. men's soccer team won't be leading the way.