

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68096, File No. SR-C2-2012-030]

### Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Order Approving Proposed Rule Change Relating to the Complex Order Auction Process

October 24, 2012.

#### I. Introduction

On August 30, 2012, the C2 Options Exchange, Incorporated (“Exchange” or “C2”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to modify C2 Rule 6.13(c), “Process for Complex Order RFR Auction,” to: (i) Include the side of the market in the request for response (“RFR”) message sent to Participants at the start of a Complex Order Auction (“COA”); and (ii) require responses to an RFR message (“RFR Responses”) to be on the opposite side of the market from the order being auctioned in a COA. The proposed rule change was published for comment in the **Federal Register** on September 17, 2012.<sup>3</sup> The Commission received no comment letters regarding the proposal. This order approves the proposed rule change.

#### II. Description of the Proposal

COA is an automated RFR auction process for COA-eligible orders.<sup>4</sup> On receipt of a COA-eligible order and a request from the Participant representing the order that the order be subjected to a COA, C2 sends an RFR message to all Participants that have elected to receive RFR messages.<sup>5</sup> The RFR message identifies the component series, the size of the COA-eligible order, and any contingencies, if applicable, but not the side of the market (*i.e.* whether the order is to buy or to sell).<sup>6</sup> Responders to the COA, who do not know the side of the market of

the order being auctioned, may submit RFR Responses on both sides of the market.<sup>7</sup> Because RFR Responses on the same side of the market as the COA-eligible order cannot trade with the order and thus are unnecessary, C2’s trading system automatically rejects these RFR Responses.<sup>8</sup>

The Exchange proposes to amend C2 Rule 6.13(c) to: (i) Include the side of the market in the RFR message sent to Participants at the start of a COA; and (ii) require RFR Responses to be on the opposite side of the market from the order being auctioned in a COA. C2 believes that these proposed changes will make the COA process more efficient by eliminating the entry of unnecessary RFR Responses that cannot trade with the COA order.<sup>9</sup> C2 also believes that this increased efficiency could lead to more meaningful and competitively priced RFR Responses, which could result in better prices for customers.<sup>10</sup>

#### III. Discussion

After careful consideration of the proposed rule change, the Commission finds that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>11</sup> The Commission believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and Section 6(b)(5) of the Act,<sup>12</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. More specifically, the Commission believes that the proposal could improve the efficiency of the COA process by eliminating unnecessary RFR Responses, which otherwise would be rejected automatically by C2’s trading system.

#### IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>13</sup> that the

proposed rule change (SR-C2-2012-030) is approved.

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

Kevin M. O’Neill,  
Deputy Secretary.

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## SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2012-0054]

### Cost-of-Living Increase and Other Determinations for 2013

AGENCY: Social Security Administration.

ACTION: Notice.

**SUMMARY:** Under title II of the Social Security Act (Act), there will be a 1.7 percent cost-of-living increase in Social Security benefits effective December 2012. As a result of this increase, the following items will increase for 2013:

(1) The maximum Federal Supplemental Security Income (SSI) monthly benefit amounts for 2013 under title XVI of the Act will be \$710 for an eligible individual, \$1,066 for an eligible individual with an eligible spouse, and \$356 for an essential person;

(2) The special benefit amount under title VIII of the Act for certain World War II veterans will be \$532.50 for 2013;

(3) The student earned income exclusion under title XVI of the Act will be \$1,730 per month in 2013, but not more than \$6,960 for all of 2013;

(4) The dollar fee limit for services performed as a representative payee will be \$39 per month (\$76 per month in the case of a beneficiary who is disabled and has an alcoholism or drug addiction condition that leaves him or her incapable of managing benefits) in 2013; and

(5) The dollar limit on the administrative cost assessment charged to attorneys representing claimants will be \$88 in 2013.

The national average wage index for 2011 is \$42,979.61. This index affects the following amounts:

(1) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base will be \$113,700 for remuneration paid in 2013 and self-employment income earned in taxable years beginning in 2013;

(2) The monthly exempt amounts under the OASDI retirement earnings test for taxable years ending in calendar year 2013 will be \$1,260 for years prior

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

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

<sup>3</sup> See Securities Exchange Act Release No. 67828 (September 11, 2012), 77 FR 57173 (“Notice”).

<sup>4</sup> A “COA-eligible order” is a complex order that, as determined by the Exchange on a class-by-class basis, is eligible for a COA considering the order’s marketability (defined as a number of ticks away from the current market), size, complex order type, and complex order origin (*i.e.* non-broker-dealer public customer, broker-dealers that are not Market-Makers or specialist on an options exchange, and/or Market-makers or specialists on an options exchange). See C2 Rule 6.13(c)(1)(B).

<sup>5</sup> See C2 Rule 6.13(c)(2).

<sup>6</sup> See *id.*

<sup>7</sup> See Notice, *supra* note 3, at 57174.

<sup>8</sup> See *id.*

<sup>9</sup> See *id.*

<sup>10</sup> See *id.*

<sup>11</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> 15 U.S.C. 78s(b)(2).

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