

thereunder,<sup>2</sup> a proposed rule change to increase the maximum term for Long-Term Equity Options Series (“LEAPS”) to fifteen years. The proposed rule change was published for comment in the **Federal Register** on August 10, 2012.<sup>3</sup> A designation of a longer period for Commission action was published in the **Federal Register** on September 25, 2012.<sup>4</sup> The Commission received one comment on the proposed rule change.<sup>5</sup> On September 6, 2012, CBOE responded to the comment letter.<sup>6</sup> This order approves the proposed rule change.

## II. Description of the Proposal

Currently, the maximum term for equity and interest rate LEAPS is 36 months (three years) and the maximum term for index LEAPS is 60 months (five years). CBOE proposes to amend CBOE Rules 5.8, 23.5(b) and 24.9(b) to increase the maximum term for all LEAPS to 180 months (fifteen years).<sup>7</sup> CBOE notes that similar fifteen year maximum terms exist for FLEX Options.<sup>8</sup>

CBOE states that expanding the eligible term for all LEAPS to fifteen years would allow the Exchange to offer products in an exchange-traded environment that could compete with comparable over-the-counter (“OTC”) products. According to CBOE, it has received numerous requests from market participants that currently enter into OTC positions that have longer-dated expirations than are currently available on CBOE to list LEAPS with longer dated expirations on the Exchange. CBOE represents that it has confirmed that the OCC can configure its systems to support LEAPS that have a maximum term of fifteen years.

## III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national

securities exchange.<sup>9</sup> Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>10</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

KOR suggests that CBOE’s proposal lacks data evidencing actual interest in extended LEAPS terms.<sup>11</sup> With regard to interest in the proposed product, CBOE responds that its proposal is geared toward an unmet demand of institutional investors, and was prompted by numerous requests from market participants, such as insurance companies offering equity-linked variable annuities, that have typically turned to OTC dealers to trade options with longer-dated expirations.<sup>12</sup> CBOE also states that it believes that additional institutional demand for longer-dated LEAPS (such as, for example, S&P 500 Index options) would come from sell-side firms hedging longer-dated OTC instruments (such as, for example, S&P variance).<sup>13</sup> Further, CBOE states that virtually all of the firms it queried suggested that the ideal maturity for hedging trading activity exceeds the 10-year mark and that it seeks to offer various maturities (particularly in S&P 500 Index options) out to fifteen years in order to provide a more robust and flexible market for longer-dated options.

KOR also expresses concern that the proposal does not specify classes to which the proposal would apply and that the proposal could unduly burden the market through its potential impact on quote traffic and the costs associated with disseminating and maintaining the data for longer-termed LEAPS.<sup>14</sup> CBOE states that it does not currently know all of the specific classes for which there will be future market demand for longer-dated LEAPS, and thus it is unable to identify such classes at this time.<sup>15</sup> CBOE notes, however, that S&P 500 Index options are one of the classes that it anticipates would underlie

longer-dated LEAPS.<sup>16</sup> CBOE also states that it does not expect there to be a significant increase to quote traffic because CBOE anticipates listing longer-dated LEAPS in response to specific market demand and does not expect to significantly populate expirations.<sup>17</sup> In addition, CBOE notes that certain liquidity providers are not subject to quoting obligations for LEAPS, which will assist with quote traffic mitigation.<sup>18</sup>

Given CBOE’s representation that there is demand for options with longer-dated expirations from institutional investors who are currently trading such options in the OTC market,<sup>19</sup> the Commission believes that the proposal is reasonably designed to provide such investors with additional means of hedging equity portfolios from long-term market risk with an exchange-traded standardized security, thereby facilitating transactions in options and contributing to the protection of investors and the maintenance of fair and orderly markets. The Commission notes that fifteen-year expirations are already permitted for non-standardized FLEX Options.<sup>20</sup> In addition, the Commission notes the Exchange’s representation that it does not anticipate a significant increase in quote traffic.<sup>21</sup> Accordingly, for the reasons discussed above, the Commission believes that the proposed rule change is consistent with the Act.

## IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>22</sup> that the proposed rule change (SR-CBOE-2012-071) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

**Kevin M. O’Neill**,  
*Deputy Secretary.*

[FR Doc. 2012-27510 Filed 11-9-12; 8:45 am]

**BILLING CODE 8011-01-P**

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## SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2012-0058]

### Rescission of Social Security Acquiescence Ruling 05-1(9)

**AGENCY:** Social Security Administration.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> See Notice; see also CBOE Letter, *supra* note 6.

<sup>20</sup> See *supra* note 8.

<sup>21</sup> See CBOE Letter, *supra* note 6.

<sup>22</sup> 15 U.S.C. 78s(b)(2).

<sup>23</sup> 17 CFR 200.30-3(a)(12).

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

<sup>3</sup> See Securities Exchange Act Release No. 67600 (August 6, 2012), 77 FR 47890 (“Notice”).

<sup>4</sup> See Securities Exchange Act Release No. 67892 (September 19, 2012), 77 FR 59029.

<sup>5</sup> See letter to Elizabeth M. Murphy, Secretary, Commission, from Christopher Nagy, President, KOR Trading LLC, dated August 17, 2012 (“KOR Letter”).

<sup>6</sup> See letter to Elizabeth M. Murphy, Secretary, Commission, from Jenny Klebes-Golding, Senior Attorney, CBOE, dated September 6, 2012 (“CBOE Letter”).

<sup>7</sup> CBOE also proposes to make technical, non-substantive changes to CBOE Rules 5.8 and 24.9 to delete “@” symbols.

<sup>8</sup> See Securities Exchange Act Release No. 58890 (October 30, 2008), 73 FR 66085 (November 6, 2008) and CBOE Rules 24A.4(a)(2)(iv) and 24B.4(a)(2)(iv).

<sup>9</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>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> See KOR Letter, *supra* note 5.

<sup>12</sup> See CBOE Letter, *supra* note 6.

<sup>13</sup> *Id.*

<sup>14</sup> See KOR Letter, *supra* note 5.

<sup>15</sup> See CBOE Letter, *supra* note 6.

**ACTION:** Notice of Rescission of Social Security Acquiescence Ruling 05–1(9)—*Gillett-Netting v. Barnhart*, 371 F.3d 593 (9th Cir. 2004).

**SUMMARY:** In accordance with 20 CFR 402.35(b)(2), 404.985(e)(1) and 416.1485(e)(1), the Commissioner of Social Security gives notice of the rescission of Social Security Acquiescence Ruling (AR) 05–1(9).

**DATES:** *Effective Date:* November 13, 2012.

**FOR FURTHER INFORMATION CONTACT:**

Karen Aviles, Office of the General Counsel, Office of Program Law, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235–6401, (410) 965–3457, or TTY 410–966–5609, for information about this notice. For information on eligibility or filing for benefits, call our national toll-free number, 1–800–772–1213 or TTY 1–800–325–0778, or visit our Internet site, Social Security Online, at <http://www.socialsecurity.gov>.

**SUPPLEMENTARY INFORMATION:** An AR explains how we will apply a holding in a decision of a United States Court of Appeals that we determine conflicts with our interpretation of a provision of the Social Security Act (the Act) or regulations when the Government has decided not to seek further review of the case or is unsuccessful on further review. As provided by 20 CFR 404.985(e)(1) and 416.1485(e)(1), we may rescind an AR as obsolete and apply our interpretation of the Act or regulations if the Supreme Court overrules or limits a circuit court holding that was the basis of an AR.

On September 22, 2005, we issued AR 05–1(9) to reflect the holding of the United States Court of Appeals for the Ninth Circuit in *Gillett-Netting v. Barnhart*, 371 F.3d 593 (9th Cir. 2004), *reh'g denied* (9th Cir. Dec. 14, 2004) (70 FR 55656). The Ninth Circuit held that an undisputed biological child of an insured individual who was conceived by artificial means after the insured's death is the insured's "child" for purposes of sections 202(d)(1) and 212(e)(1) of the Act. The Ninth Circuit rejected our longstanding interpretation of section 216(h) of the Act, as set forth in the regulations, that state intestacy law determines the child-parent relationship.

On January 4, 2011, in *Capato v. Commissioner of Social Security*, 631 F.3d 626 (3d Cir. 2011), the United States Court of Appeals for the Third Circuit followed the decision in *Gillett-Netting* and held that under sections 202(d)(1) and 216(e)(1) of the Act, a posthumously-conceived applicant can

satisfy the Act child-parent relationship requirement by demonstrating that he or she is the undisputed biological child of the deceased insured individual.

Similar to the Ninth Circuit, the Third Circuit found that section 216(h) requirement to apply state intestacy law is triggered only in cases where parentage is disputed.

The Government sought review of the Third Circuit's decision in the Supreme Court of the United States, and on May 21, 2012, the Supreme Court reversed the Third Circuit's decision. The Supreme Court upheld our interpretation of section 216(h) of the Act, under which we apply state intestacy law when we determine a child-parent relationship under sections 202(d)(1) and 216(e)(1) of the Act. *Astrue v. Capato*, \_\_\_ U.S. \_\_\_, 132 S. Ct. 2021 (2012).

The Supreme Court stated that, "The SSA's interpretation of the relevant provisions, adhered to without deviation for many decades, is at least reasonable; the agency's reading is therefore entitled to this Court's deference under *Chevron*. \* \* \* *Chevron* deference is appropriate 'when it appears that Congress delegated authority to the agency generally to make rules carrying the force of law, and that the agency interpretation claiming deference was promulgated in the exercise of that authority.' \* \* \* Here, as already noted, the SSA's longstanding interpretation is set forth in regulations published after notice-and-comment rulemaking." 132 S. Ct. at 2033–2034 (citations omitted).

Because, in *Capato*, the Supreme Court rejected the holding in *Gillett-Netting* by upholding our policy of applying state intestacy law in all child-parent determinations, we are rescinding AR 05–1(9), in accordance with 20 C.F.R. 404.985(e)(1), 416.1485(e)(1).

(Catalog of Federal Domestic Assistance, Program Nos. 96.001 Social Security—Disability Insurance; 96.002 Social Security—Retirement Insurance; 96.004 Social Security—Survivors Insurance)

Dated: November 5, 2012.

**Michael J. Astrue,**

*Commissioner of Social Security.*

[FR Doc. 2012–27447 Filed 11–9–12; 8:45 am]

**BILLING CODE 4191–02–P**

## DEPARTMENT OF STATE

[Public Notice 8085]

### Culturally Significant Object Imported for Exhibition Determinations: "Michelangelo's David Apollo"

**SUMMARY:** Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236–3 of August 28, 2000 (and, as appropriate, Delegation of Authority No. 257 of April 15, 2003), I hereby determine that the object to be included in the exhibition "Michelangelo's David Apollo," imported from abroad for temporary exhibition within the United States, is of cultural significance. The object is imported pursuant to a loan agreement with the foreign owner or custodian. I also determine that the exhibition or display of the exhibit object at the National Gallery of Art, Washington, DC, from on or about December 13, 2012, until on or about March 3, 2013, and at possible additional exhibitions or venues yet to be determined, is in the national interest. I have ordered that Public Notice of these Determinations be published in the **Federal Register**.

**FOR FURTHER INFORMATION CONTACT:** For further information, including a description of the exhibit object, contact Paul W. Manning, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202–632–6469). The mailing address is U.S. Department of State, SA–5, L/PD, Fifth Floor (Suite 5H03), Washington, DC 20522–0505.

Dated: November 6, 2012.

**J. Adam Ereli,**

*Principal Deputy Assistant Secretary, Bureau of Educational and Cultural Affairs, Department of State.*

[FR Doc. 2012–27545 Filed 11–9–12; 8:45 am]

**BILLING CODE 4710–05–P**

## DEPARTMENT OF STATE

[Delegation of Authority No. 346]

### Delegation by the Secretary of State to the Assistant Secretary for East Asian and Pacific Affairs of the Authority To Waive the Visa Ban Under the JADE Act

By virtue of the authority vested in the Secretary by the laws of the United