

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62910; File No. SR-C2-2010-003)

September 14, 2010

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Certain Application-Related Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 10, 2010, C2 Options Exchange, Incorporated (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

C2 proposes to adopt application fees. The text of the proposed rule change is available on the Exchange’s Web site (<http://www.cboe.org/legal>), at the Exchange’s Office of the Secretary, and at the Commission.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to adopt application-related fees for C2 Options Exchange, Inc. C2 anticipates launching in mid/late October, 2010. In connection with the commencement of trading on C2, the Exchange intends to begin accepting applications for C2 trading permits in the very near future. As part of the application process, C2 intends to charge applicant organizations a \$4,000 application fee, and sole-proprietor applicants a \$2,500 application fee. Existing Chicago Board Options Exchange, Incorporated ("CBOE") permit holders applying for C2 trading permits will not be charged an application fee since nearly all of the necessary application processing required by the Exchange has already been conducted with respect to those CBOE permit holders. In fact, existing CBOE permit holders, pursuant to C2 Rule 3.1(c)(1) are not required to complete and submit an Exchange application. C2 notes that costs associated with utilizing a C2 trading permit (e.g. a market-maker permit) would apply equally to CBOE permit holder [sic] and non-CBOE permit holders.

In connection with the application process, certain application-related fees that are in place at CBOE will also be adopted by C2. Specifically, fees for applicants seeking to conduct a public customer business (\$2,500), fees for associated persons (\$350), joint account applicant fees (\$1,000)³, permit renewal fees (\$2,000 for organizations and \$500 for sole proprietors), fees associated with statutory disqualification and Rule 19h-1 processing (\$2,750 and \$1,650 respectively)⁴, exam fees (\$500), permit transfer fees (\$500), and fingerprint fees (\$50) are all

³ This fee is payable for each application to establish a new joint account.

⁴ The statutory disqualification fee is payable whenever a person or entity is subject to a statutory disqualification under the Securities Exchange Act of 1934 and: (i) is an applicant for Exchange membership, (ii) is seeking to be an associated person of an

being adopted. The proposed fee levels are comparable to those in place at CBOE. For the reasons stated above, these fees, with the exception of renewal fees (which are applicable on subsequent one-year anniversaries of C2 “membership”), statutory disqualification fees, Rule 19h-1 change in status fees, exam fees, permit transfer fees, and fingerprint fees will not be charged to CBOE permit holders seeking to trade on C2.

The changes will take effect on September 13, 2010.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (“Act”),⁵ in general, and furthers the objectives of Section 6(b)(4)⁶ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among C2 members and other persons using its facilities. C2 notes that applicants, depending on whether they are organizations or sole-proprietors, will all be charged fixed fees which is [sic] intended to offset the Exchange’s costs of processing the permit holder applications and application-related matters, and that the proposed fee amounts are comparable to those charged by CBOE.

Exchange member (except where the Exchange is merely asked to concur in an SEC Rule 19h-1 filing by another self regulatory organization), or (iii) is an existing Exchange member or associated person who makes an application in accordance with Rule 3.5 or with respect to whom a proceeding is initiated pursuant to Rule 3.5. This fee is in addition to any other membership fees that might be applicable. The Rule 19h-1 Change in Status Fee is payable whenever a person or entity, on whose behalf the Exchange has filed a Rule 19h-1 filing that has been approved by the SEC, applies for a change in status that requires the Exchange to file an amended or additional Rule 19h-1 filing, if the Exchange approves the requested change in status. This fee is in addition to any other membership fees that might be applicable.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

B. Self-Regulatory Organization's Statement on Burden on Competition

C2 does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A)(ii)⁷ of the Act and subparagraph (f)(2) of Rule 19b-4⁸ thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 C.F.R. 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2010-003 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-C2-2010-003. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-C2-2010-003 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Florence E. Harmon
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).