

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63680; File No. SR-C2-2011-002)

January 7, 2011

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the C2 Fees Schedule and C2 Rule 3.1

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 January 3, 2011, 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 amend proposes [sic] to [sic] amend [sic] its Fees Schedule and C2 Rule 3.1(e) regarding the assessment of Trading Permit fees and bandwidth packet fees. The text of the proposed rule change is available on the Exchange’s website (<http://www.c2exchange.com/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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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.

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

1. Purpose

C2 proposes to amend its Rules and Fees Schedule to assess access fees and bandwidth packet fees during the first week of the following month rather than the first day of the effective month. Specifically, C2 proposes to incorporate language regarding the manner in which these fees will be assessed into its Fees Schedule and to amend C2 Rule 3.1(e) to provide that that [sic] the entire fee for a Trading Permit shall be due and payable in accordance with the Exchange Fee Schedule in place of the current language of the Rule under which fees for a Trading Permit shall be due and payable in full on or before the first day on which the Trading Permit is effective. The proposed assessment of the referenced fees is identical to the process in place at the Chicago Board Options Exchange, Incorporated ("CBOE"). C2 also proposes to make a technical change to the Section 3 of the C2 Fees Schedule to remove language referencing that access fees would not be assessed for October 2010.

C2 imposes access fees for the two types of Trading Permits available for use on C2, the Market-Maker Permit and the Electronic Access Permit. C2 is proposing to add language to the Fees Schedule to describe the assessment of the access fees and modify the way in which access fees are currently assessed. Specifically, C2 is proposing to include language reflecting that access fees are non-refundable and will be assessed through the integrated billing system during

the first week of the following month.³ If a Trading Permit is issued during a calendar month after the first trading day of the month, the access fee for the Trading Permit for that calendar month is prorated based on the remaining trading days in the calendar month. Trading Permits will be renewed automatically for the next month unless the Trading Permit Holder submits by the 25th day of the prior month (or the preceding business day if the 25th is not a business day) a written notification⁴ to cancel the Trading Permit effective at or prior to the end of the applicable month.⁵

C2 offers two kinds of bandwidth packets for use to supplement the standard bandwidth allocation provided with each access permit, the Quoting and Order Entry Bandwidth Packet and the Order Entry Bandwidth Packet. Similar to the access fees, C2 currently assesses fees for supplemental bandwidth packets on the first day of each month. C2 is proposing to add language to the Fees Schedule to describe the assessment of bandwidth packet fees and modify the way in which the bandwidth packet fees are assessed. Specifically, C2 is proposing to include language reflecting that bandwidth packet fees are non-refundable and will be assessed through the integrated billing system during the first week of the following month. If a bandwidth packet is issued during a calendar month after the first trading day of the month, the bandwidth packet fee for that calendar month is prorated based on the remaining trading days in the calendar month.

Bandwidth packets will be renewed automatically for the next month unless the Trading Permit

³ Thus, Trading Permit Fees for access during January 2011 will be assessed through the integrated billing system during the first week of February 2011.

⁴ Written notification may be submitted to the Registration Services Department by email to tradingpermits@cboe.com or by other means of written notification, including, but not limited to, a hand-delivered letter or facsimile to the Registration Services Department.

⁵ Thus, if a Trading Permit Holder has a Trading Permit in January 2011, notice must be provided by January 25, 2011 if the Trading Permit Holder would like to terminate the Trading Permit by the end of January 2011 and not be assessed the applicable Trading Permit Fee for February 2011.

Holder submits by the last business day of the prior month written notification to cancel the bandwidth packet effective at or prior to the end of the applicable month.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (“Act”),⁶ in general, and furthers the objectives of Section 6(b)(4)⁷ of the Act in particular, in that by increasing the efficiency of the billing process and putting in place a process that is consistent with the process in place at CBOE and that is familiar to common trading permit holders, it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among C2 Trading Permit Holders and other persons using Exchange facilities.

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)⁸ of the Act and subparagraph (f)(2) of Rule 19b-4⁹ thereunder. At any time within

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 C.F.R. 240.19b-4(f)(2).

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
Send an e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2011-002 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-C2-2011-002. 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-C2-2011-002 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.¹⁰

Elizabeth M. Murphy
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).