

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66148; File No. SR-C2-2012-001)

January 13, 2012

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

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 5, 2012, the 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, II, and III 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

The Exchange proposes to amend the Fees Schedule. 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 Exchange proposes to amend its Fees Schedule to state that CMI and FIX connectivity charges will be charged on a per-Login ID basis. Firms may access C2 via either a CMI Client Application Server or a FIX Port, depending on how their systems are configured. Currently, the Exchange assesses a fee for each CMI Client Application Server or FIX Port. However, a firm may have many users, using different Login IDs, accessing the same CMI Client Application Server or FIX Port, allowing the firm to only pay the monthly fee once. Alternatively, a firm may use the same Login ID to access different CMI Client Application Servers or FIX Ports, thereby paying multiple times for the same Login ID.

On December 20, 2011, the Exchange filed to amend its connectivity fees (among other fees) in order to recoup some of the costs from recent investments made to upgrade the CMI Client Application Servers and FIX Ports.³ In that filing, the Exchange amended such connectivity fees to amounts that kept them equivalent to those offered on the Chicago Board Options Exchange, Incorporated (“CBOE”). CBOE, however, assesses CMI and FIX fees on a per-Login ID basis.⁴ The Exchange had intended to ensure that C2’s CMI and FIX fees were to be assessed on a per-Login ID basis as well, but inadvertently failed to make such modifications. Without assessing such fees on a per-Login ID basis, the situations described above, wherein a firm may have many users, using different Login IDs, accessing the same CMI Client Application Server or FIX Port, allowing the firm to only pay the monthly fee once, and another firm may use the same Login ID to access different CMI Client Application Servers or FIX

³ See Securities Exchange Act Release No. 66082 (January 3, 2012) (SR-C2-2011-041).

⁴ See CBOE Fees Schedule, Section 16.

Ports, thereby paying multiple times for the same Login ID, may occur. Further, without assessing such fees on a per-Login ID basis, the Exchange will not be able to recoup the costs of the investments to upgrade the CMI Client Application Servers and FIX Ports. As such, the Exchange now proposes to assess CMI Client Application Server and FIX Port costs on a per-Login ID basis

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the 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 Trading Permit Holders and other persons using Exchange facilities. Amending the connectivity fees so that they are assessed on a per-Login ID basis is reasonable because this will allow the Exchange to recoup expenditures to upgrade the connectivity equipment, and because this eliminates circumstances wherein a firm may have many users, using different Login IDs, accessing the same CMI Client Application Server or FIX Port, allowing the firm to only pay the monthly fee once, and another firm may use the same Login ID to access different CMI Client Application Servers or FIX Ports, thereby paying multiple times for the same Login ID. Amending the connectivity fees so that they are assessed on a per-Login ID basis is equitable and not unfairly discriminatory because such fees will be assessed equally to all who use the CMI Client Application Servers or FIX Ports, and because CBOE currently assesses such connectivity fees on a per-Login ID basis, and in the same amounts as the C2 connectivity fees.⁷

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

⁷ See CBOE Fees Schedule, Section 16.

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) of the Act⁸ and subparagraph (f)(2) of Rule 19b-4⁹ thereunder. At any time within 60 days of the filing of the 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-C2-2012-001 on the subject line.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 C.F.R. 240.19b-4(f)(2).

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-C2-2012-001. 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-C2-2012-001 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

Kevin M. O'Neill
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).