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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-68751; File No. SR-C2-2013-005)

January 29, 2013

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amending 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 18, 2013, 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

The Exchange proposes to amend its Fees Schedule. The text of the proposed rule change is provided below.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(additions are italicized; deletions are [bracketed])

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**C2 OPTIONS EXCHANGE, INCORPORATED
FEES SCHEDULE
JANUARY 18^[1], 2013**

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3. Access Fees

Type of Permit	Cost per Month
Market-Maker Permit	\$5,000
Electronic Access Permit	\$1,000
SPXPM Tier Appointment	\$4,000 (waived through March 31, 2013)

Market-Maker Permit- Entitles the holder to act as a Market-Maker. This permit provides an appointment credit of 1.0, a quoting and order entry bandwidth allowance, up to three logins and Trading Permit Holder status. The quoting bandwidth allowance for a Market-Maker Permit is equivalent to a maximum of 156,000,000 quotes over the course of a trading day.

Electronic Access Permit- Entitles the holder to access to the Exchange. Holders must be broker-dealers registered with the Exchange and are allowed to submit orders to the Exchange. The EAP provides an order entry bandwidth allowance, up to three logins and Trading Permit Holder status.

SPXPM Tier Appointment- In order for a Market-Maker Permit to be used to act as a Market-Maker in SPXPM, the Trading Permit Holder must obtain an SPXPM Tier Appointment (Registration) for that Market-Maker Permit. The SPXPM Tier Appointment fee will be assessed to any Market-Maker Permit Holder that has an SPXPM Tier Appointment at any time during a calendar month.

Access fees are non-refundable and are assessed through the integrated billing system during the first week of the following month. 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 written notification to the Registration Services Department by the 25th day of the prior month (or the preceding business day if the 25th is not a business day) to cancel the Trading Permit effective at or prior to the end of the applicable month. If cancellation of a Trading Permit is effective prior to the end of the applicable month, and the cancelling Trading Permit Holder later requests issuance of the same type of Trading Permit for the remainder of that month, the Exchange may issue the same type of Trading Permit (provided that a Trading Permit is available) but will not impose the additional prorated access fee for that month.

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The text of the proposed rule change is also 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 Exchange 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 these 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 aspects of such statements.

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.³ More specifically, the Exchange is proposing to make changes to the section "Access Fees." Pursuant to that section, the Exchange charges a Trading Permit Holder a monthly fee to use a Trading Permit, the amount of which fee is based on the type of Trading Permit.

³ See Exchange Rule 2.1, which authorizes fees to Participants to be "fixed from time to time by the Exchange."

Currently, the Exchange charges the following access fees:

Type of Permit	Cost per Month
Market-Maker Permit ⁴	\$5,000
Electronic Access Permit ⁵	\$1,000
SPXPM Tier Appointment ⁶	\$4,000 (waived through March 31, 2013)

Pursuant to the Fees Schedule, the Exchange assesses the access fees in arrears during the first week of the following month. For example, a Trading Permit Holder will be billed in February for use of a Trading Permit in January. The Fees Schedule further provides that 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. A Trading Permit will be renewed automatically for the next month unless the Trading Permit Holder submits written notification to the Registration Services Department by the 25th day of the prior month (or the preceding business day if the 25th is not a business day) to cancel the Trading Permit effective at or prior to the end of the applicable month.

⁴ A Market-Maker Permit entitles the holder to act as a Market-Maker. This permit provides an appointment credit of 1.0, a quoting and order entry bandwidth allowance, up to three logins and Trading Permit Holder status. The quoting bandwidth allowance for a Market-Maker Permit is equivalent to a maximum of 156,000,000 quotes over the course of a trading day.

⁵ An Electronic Access Permit entitles the holder to access the Exchange. Holders must be broker-dealers registered with the Exchange and are allowed to submit orders to the Exchange. The permit provides an order entry bandwidth allowance, up to three logins and Trading Permit Holder status.

⁶ An SPXPM Tier Appointment must be obtained by a Market-Maker for its Market-Maker Permit in order for the Market-Maker to act as a Market-Maker in SPXPM. The SPXPM Tier Appointment fee will be assessed to any Market-Maker that has an SPXPM Tier Appointment at any time during a calendar month.

Under the Fees Schedule, if a Trading Permit Holder cancels a Trading Permit effective prior to the end of the applicable month, the Trading Permit Holder will still be assessed the full access fee for that month (the same amount it would pay if the Trading Permit Holder had cancelled the Trading Permit effective at the end of the month). However, if the Trading Permit Holder later requests that the Exchange issue the same type of Trading Permit for the remainder of that same month, pursuant to the Fees Schedule, the Exchange will assess a prorated access fee based on the remaining trading days in that month. Thus, the Trading Permit Holder would be double-paying the access fee for that remaining portion of the month.

The purpose of the proposed rule change is to prevent a Trading Permit Holder from double-paying a portion of the monthly access fee in this situation. The proposed rule change amends the Access Fees section of the Fees Schedule to provide that if cancellation of a Trading Permit is effective prior to the end of the applicable month, and the cancelling Trading Permit Holder later requests issuance of the same type of Trading Permit for the remainder of that same month, the Exchange may issue the same type of Trading Permit (assuming one is available)⁷ but will not impose the additional prorated access fee for the remainder of that month.⁸ The proposed rule change results in a Trading Permit Holder that cancels a Trading Permit prior to the end of the month but then has the same type of Trading Permit issued during that same month paying the same

⁷ The Exchange will determine whether to issue a Trading Permit to the Trading Permit Holder in the same manner that it issues any Trading Permit pursuant to Rule 3.1, including subject to any announced limit on the number of Trading Permits that may be issued.

⁸ The proposed rule change does not change the amounts of the access fees imposed on Trading Permit Holders for the use of Trading Permits.

monthly access fee amount as it would if it had cancelled its Trading Permit effective at the end of a month.

For example, if a Trading Permit Holder cancels a Market-Maker Permit effective January 18, 2013, but upon request of the Trading Permit Holder issues [sic] a Maker-Maker [sic] Permit effective January 23, 2013, the Trading Permit Holder will be billed a total of \$5,000 for use of the Market-Maker Permit during January (which will be billed during the first week of February).⁹ Without the proposed rule change, the Trading Permit Holder would be billed \$5,000 for use of the Market-Maker Permit for the trading days in January through January 18 plus a prorated amount of \$1,666.67 for use of the Market-Maker Permit for the trading days in January between January 23 and January 31. Thus, with the proposed rule change, the Trading Permit Holder will pay the same amount in access fees for January as it would if it had cancelled the Market-Maker Permit effective at the end of January.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

⁹ At that point, the Trading Permit will be subject to the auto-renewal provision described above unless the Trading Permit Holder requests that the Trading Permit not be automatically renewed at the end of the applicable month.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation [sic] 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,¹³ which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

In particular, the proposed rule change is equitable and not unfairly discriminatory as it applies to all Trading Permit Holders that cancel a Trading Permit effective prior to the end of a month and request issuance of the same type of Trading Permit during that same month. The Exchange believes the proposed rule change protects investors and the public interest, as it prevents a Trading Permit Holder from paying the monthly access fee twice during the same month for a Trading Permit in the event that the Trading Permit Holder cancels the Trading Permit effective prior to the end of the month but later requests issuance of the same type of Trading Permit during that month. The Exchange believes that the proposed rule change is fair and reasonable, because it results in a Trading Permit Holder that cancels a Trading Permit prior to the end of the month but then has the same type of Trading Permit issued that month paying the same amount in

¹² Id.

¹³ 15 U.S.C. 78f(b)(4).

access fees for that month as a Trading Permit Holder that cancels a Trading Permit effective at the end of a month. A Trading Permit Holder is able to trade the same amount in either situation; therefore, the Exchange believes it is reasonable that the Trading Permit Holder pay the same amount in either situation.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change applies in the same manner to all Trading Permit Holders that request the issuance of a Trading Permit during the same month they cancelled the same type of Trading Permit. Additionally, the proposed rule change results in a Trading Permit Holder that cancels a Trading Permit effective prior to the end of the month but then has the same type of Trading Permit issued that same month paying the same amount in access fees as a Trading Permit Holder that cancels a Trading Permit effective at the end of a month. Thus, these Trading Permit Holders would pay the same access fee during the month for the same allowable trading activity in each situation. The proposed rule change does not change the amounts of the access fees imposed on Trading Permit Holders for the use of Trading Permits.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f) of Rule 19b-4¹⁵ 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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-C2-2013-005 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.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 C.F.R. 240.19b-4(f).

All submissions should refer to File Number SR-C2-2013-005. 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, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office. 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-C2-2013-005, 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.¹⁶

Kevin M. O'Neill
Deputy Secretary

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¹⁶ 17 CFR 200.30-3(a)(12).