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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-74038; File No. SR-C2-2014-028]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amending Rule 8.2(d) January 13, 2015.

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 December 31, 2014, 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 is proposing to remove the registration cost of SPXPM from Exchange Rule 8.2(d) as this class of options is no longer listed or traded on the Exchange. The text of the proposed rule change is provided below.

(additions are italicized; deletions are [bracketed])

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C2 Options Exchange, Incorporated

Rules

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Rule 8.2. Continuing Market-Maker Registration

(a) – (c) No change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(d) Market-Maker Option Class Registration. Absent an exemption by the Exchange, an option class registration of a Market-maker confers the right to quote in that product. A Market-Maker may change its registered classes upon advance notification to the Exchange in a form and manner prescribed by the Exchange.

Each Trading permit held by a Market-Maker has a registration credit of 1.0. A Market-Maker may select for each Trading Permit the Market-Maker holds any combination of option classes, whose aggregate registration cost does not exceed 1.0. Option class “registration costs” are set forth below:

Option Class	Registration Cost
[SPXPM]	[1.0]
All [other] options	.001

(e) No change.

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The text of the proposed rule change is also available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is proposing to amend its Rule 8.2(d) regarding registration costs. In the current Exchange Rules, Rule 8.2 describes the registration process and corresponding registration costs for Trading Permit Holders (“TPHs”) on C2. Exchange Rule 8.2(d) lists the registration cost for options classes traded on C2. SPXPM has a registration cost of 1.0, which requires its own Trading Permit. However, SPXPM is no longer a class of options that is traded on C2 and the Exchange is proposing to update Exchange Rule 8.2(d) to reflect that change and to add clarity to the Exchange Rules.

By way of background, the Exchange was granted permission by the Commission in 2011 to list and trade Standard & Poor’s 500 Index (“S&P 500”) options with third-Friday-of-the-month (“Expiration Friday”) expiration dates for which the exercise settlement value will be [sic] based on the index value derived from the closing prices of component securities (“P.M. settled”) on C2 on a pilot basis.³ As a result of the Commission’s approval to list and trade SPXPM options on C2, the Exchange filed a subsequent rule filing to amend 8.2(d) to include the registration cost for SPXPM.⁴

Pursuant to Exchange Rule 8.2, an option class registration of a Market-Maker confers the right to quote in that product. Each Trading Permit held by a Market-Maker has a

³ See Securities Exchange Act Release No. 34-65256 (September 2, 2011), 76 FR 175 [sic] (September 9, 2011) (SR-C2-2011-008) (order approving listing and trading SPXPM on C2 on a pilot basis); see also Securities Exchange Act Release No. 34-68888 (February 8, 2013), 78 FR 31 [sic] (February 14, 2013) (SR-CBOE-2012-120) (order approving listing and trading SPXPM on CBOE on a pilot basis). C2 ceased trading SPXPM on February 19, 2013.

⁴ See Securities Exchange Act Release No. 34-65452 (September 30, 2011), 76 FR 194 [sic] (October 6, 2011) (SR-C2-2011-023) (immediately effective filing establishing Market-Maker registration costs for SPXPM options).

registration credit of 1.0. A Market-Maker may select for trading any combination of available option classes whose aggregate is 1.0 for each Trading Permit held. Since the Exchange has ceased the listing and trading of SPXPM, the Exchange is proposing to amend Rule 8.2(d) to delete the language that lists SPXPM and its registration cost of 1.0. There is no need for the registration cost of SPXPM to be listed under Rule 8.2(d) as this class of options is no longer traded on the Exchange. The Exchange is proposing the proposed change to harmonize the Exchange Rules with the current practices of the Exchange.

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.⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating 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)⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ Id.

In particular, the Exchange believes that the proposed rule filing will more specifically state the options classes that are traded on C2 and their corresponding registration costs for TPHs. The Exchange believes the proposed change is consistent with the Act in that it is merely updating an Exchange Rule to align with the current practices of the Exchange to avoid confusion with respect to registration costs for Market-Makers on C2. In addition, the proposed filing is not unfairly discriminating because SPXPM is no longer traded on C2 and as a result, the removal of SPXPM from the registration costs provided in 8.2(d) will be applied to all Market-Makers on C2. Finally, the proposed filing protects investors and the public interest by relieving confusion that might otherwise arise by having an obsolete reference in the CBOE [sic] Rule Book.

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. In particular, the Exchange does not believe that the proposed rule filing will place any burden on intermarket competition because SPXPM is no longer an option class that is traded on C2 and thus, the change will be applied equally to all Market-Makers registered to trade on C2. Additionally, the Exchange does not believe that the proposed rule filing will place any burden on intermarket competition because it is merely updating the Exchange rules to harmonize them with the current practices of the Exchange.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6)⁹ 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 will institute proceedings to determine whether the proposed rule change 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-C2-2014-028 on the subject line.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

Paper comments:

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

All submissions should refer to File Number SR-C2-2014-028. 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 such filing will also 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-C2-2014-028 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

¹⁰ 17 CFR 200.30-3(a)(12).

Brent J. Fields,
Secretary.

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