SECURITIES AND EXCHANGE COMMISSION

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Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Price Check Parameters

July 23, 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 July 17, 2015, 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 Rules 6.13 and 6.17 relating to price check parameters on the Exchange. The text of the proposed rule change is provided in Exhibit 5 and 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.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

Under Rule 6.17, C2 does not automatically execute eligible orders that are marketable if (i) the width between the national best bid and offer (the "NBBO") is not within an acceptable price range (as established by the Exchange on a series by series basis for market orders and/or marketable limit orders within certain parameters and announced to Trading Permit Holders ("TPHs") via Regulatory Circular) (the "market width parameter"), or (ii) the execution would follow an initial partial execution on the Exchange and would be at a subsequent price that is not within an acceptable tick distance ("ATD") from the initial execution (as determined by the Exchange on a series by series and premium basis for market order and/or marketable limit orders and announced to TPHs by Regulatory Circular)(the "drill through parameter").

The purpose of this proposed rule change is, first, to codify another price reasonability check within Rule 6.17. The reasonability check is currently in use but not expressly covered in the rules. Specifically, under this reasonability check, referred to as the "limit order price parameter," the Exchange will not accept for execution eligible limit orders if (i) prior to the opening (including before a series is opened following a halt),[3] the order is to buy are at more than an acceptable tick distance above the Exchange's previous day's close or the order is to sell are at more than an acceptable tick distance below the Exchange's previous day's close (such ATD will be as determined by the Exchange on a series by series and premium basis and announced to TPHs by Regulatory Circular);[4] or, (ii) once a series has opened, the order is to buy are at more than an acceptable tick distance above the disseminated Exchange offer or the order to sell are at more than an acceptable tick distance below the disseminated Exchange bid (such ATD will be as determined by the Exchange on a series by series and premium basis and announced to TPHs by Regulatory Circular).[5] The Exchange will not apply pre-opening limit

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[3] This includes halts that may occur at any time after the opening of trading on a particular trading day. The Exchange notes that this is the manner in which the limit order price parameter functionality currently operates. The Exchange believes that this functionality provides an additional safeguard to consider the reasonableness of limit order pricing prior to a re-opening following a trading halt.

[4] This parameter for limit orders received prior to the opening (including before a series is opened following a halt) is not applicable to limit orders of Exchange Market-Makers and away Market-Makers. The Exchange believes that Market-Makers actively evaluate the pre-opening market and utilize their own risk management parameters when entering, maintaining and cancelling orders prior to the opening, minimizing the likelihood of a Market-Maker order resulting from an error from being entered and continuing to rest prior to the opening of trading. In that regard, while the Exchange believes that the application of its limit order price parameters serve to promote a fair and orderly market, the parameters are not a substitute for a broker-dealer's compliance with Rule 15c3-5 under the Act, 17 CFR 240.15c3-5 (commonly referred to as the "Market Access Rule").

[5] The Exchange notes that with respect to simple orders, limit order price parameters will be applied [sic] a series by series basis with ATDs to be applied to the series that is the subject of the simple order execution as only one series is involved in a simple order execution. With respect to complex orders, limit order price parameters will be applied on a class by class basis with ATDs to be applied to both (each) of the individual legs of both (each) series comprising the complex order as well as the net derived premium price ("net premium basis") of the complex order as a whole. These parameters will be applied on a class by class basis for complex orders as multiple series in a class are involved in a complex order execution. The Exchange notes that the ATDs determined by the Exchange on a series by series and premium basis (i.e. simple order executions) and class by class and net premium basis (i.e. complex order executions) under Rules 6.17 and 6.13 will be announced via Regulatory Circular at least one day in advance.

order price parameters to limit orders of Exchange Market-Makers or away Market-Makers, or to Intermarket Sweep Orders ("ISOs") as such cannot be entered prior to the opening on the System.[6] Once a series has opened, limit order price parameters will be applied to ISOs in all classes in which the limit order price parameter is activated.[7] The Exchange may determine on a class by class basis and announce via Regulatory Circular whether to apply the parameters in (i)

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[6] Under Rule 1.1, the term "System" means the automated trading system used by the Exchange for the trading of options contracts.

[7] For all classes where the limit order price parameter is activated, it is currently applied to ISOs. ISOs are oftentimes used to capture size on the Exchange that is not available on other markets. As a result, ISOs tend to be large orders and thus, the consequences of order entry errors may be great. In an effort to protect market participants from the consequences of such order entry errors and prevent market disruptions that may be caused by erroneously placed orders, the Exchange has determined to apply limit order price parameters to ISOs on the Exchange. The Exchange believes that applying limit order price parameters to ISOs serves to protect investors and is consistent with Section 6(b) of the Act. The Exchange has in place rules and surveillances to ensure that ISOs are used in an appropriate manner consistent with the Options Order Protection and Locked/Crossed Market Plan, C2 Rules, and Federal Securities laws. See Section E of Chapter 6 (incorporating by reference CBOE's rules relating to the Options Order Protection and Locked/Crossed Market Plan), relating to Intermarket Linkage and corresponding Chicago Board Options Exchange, Incorporated ("CBOE") Rule 6.80(8) defining an ISO as a Limit Order for an options series that, simultaneously with the routing of the ISO, one or more additional ISOs, as necessary, are routed to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or any Protected Offer, in the case of a limit order to buy, for the options series with a price that is superior to the limit price of the ISO and noting that a Trading Permit Holder may submit an ISO to the Exchange only if it has simultaneously routed one or more additional ISOs to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or Protected Offer, in the case of a limit order to buy, for an options series with a price that is superior to the limit price of the ISO. Should the Exchange, in the future, determine that, in the interests of fair and orderly markets or, in furtherance of the objectives of the Options Order Protection and Locked/Crossed Market Plan, limit order price parameters should be applied to ISOs (or another order type) in a different manner as other order types, the Exchange may determine to widen or narrow the ATDs with respect to ISOs (or another order type), which would be announced via Regulatory Circular. Should the Exchange, in the future, determine that, in the interests of fair and orderly markets or, in furtherance of the objectives of the Options Order Protection and Locked/Crossed Market Plan, limit order price parameters should not apply to ISOs, a further rule filing would be required.

and/or (ii) above to immediate-or-cancel orders if doing so would be necessary or appropriate in furtherance of the interests of investors and the promotion of fair and orderly markets.[8]

For purposes of this limit order price parameter: An "acceptable tick distance" or "ATD"[9] is to be determined by the Exchange on a series by series and premium basis and shall be no less than five minimum increment ticks.[10] The senior official in the Help Desk might

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8 For all classes where the limit order price parameter is activated, it is not currently applied to immediate-or-cancel orders. Immediate-or-cancel orders are oftentimes used by Market-Makers and sophisticated investors to hit existing books as orders become available. Although the Exchange also believes that there is less of a need to protect Market-Makers and sophisticated investors from potential order entry errors, the Exchange is interested in the protection of all market participants from unintended order entry errors. As a result, in furtherance of the interests of investors and the promotion of fair and orderly markets, the Exchange is considering applying limit order price parameters to immediate-or-cancel orders in the future. Any such determination would be made pursuant to proposed Rules 6.13.04(g) and 6.17(b) and announced via Regulatory Circular [sic]

9 The Exchange notes that, for a given series, the applicable ATDs for the limit order price parameters (which may not be less than five minimum increment ticks) may differ from the ATDs for the drill through parameters (which may not be less than two minimum increment ticks). For example, the Exchange may determine that the drill through ATD for all series of a given class trading in $0.01 increments is $0.02 and the limit order price ATD settings for the same class are as described in note 8, infra [sic]. The settings may differ because the limit order price parameters and the drill through parameters are intended to provide reasonability checks that address various trading scenarios (e.g., marketable orders that would otherwise drill through multiple price points and limit orders that are priced significantly through the disseminated Exchange bid/offer or the prior day's close). The Exchange believes use of multiple reasonability checks helps to prevent the entry and execution of orders at potentially erroneous prices, which should promote a fair and orderly market.

10 For example, currently the Exchange has determined for all classes where the limit order price parameter is activated that the Exchange would not accept the following limit orders for execution: (i) if the market quote is less than or equal to $3, limit orders to buy priced more than $0.50 above the offer and limit orders to sell priced more than $0.50 below the bid; (ii) if the market quote is greater than $3 and less than or equal to $10, limit orders to buy priced more than $1.00 above the offer and limit orders to sell priced more than $1.00 below the bid; (iii) if the market quote is greater than $10 and less than or equal to $30, limit orders to buy priced more than $1.50 above the offer and limit orders to sell priced more than $1.50 below the bid; (iv) if the market quote is greater than $30 and less than or equal to $50, limit orders to buy priced more than $2.00 above the offer and limit orders to sell priced more than $2.00 below the bid; or (v) if the

widen or inactivate the limit order price parameters on an intra-day basis in the interest of a fair and orderly market.[11] The limit order price parameter takes precedence over another parameter

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market quote is equal to or greater than $50, limit orders to buy priced more than $3.00 above the offer and limit order to sell priced more than $3.00 below the bid. See C2 Regulatory Circular RG13-059, which is available at http://www.c2exchange.com/publish/RegCir_C2/C2RG13-059.pdf. For the same classes, the Exchange has determined that limit orders received before a series is in opened will be checked against the previous trading day's closing price using the same parameters noted above. Exchange Market Maker and away Market Maker orders received pre-open are excluded from this pre-open limit order price parameter. The foregoing limit order price parameters are in effect in all classes except options on Apple Inc. (AAPL). There are no limit order price parameters currently activated for option class AAPL. See id. According to the Exchange, volume for options class AAPL is higher and trading is more volatile, while the price of the underlying stock is higher (e.g., Apple Inc. closed at $125.69 on July 7, 2015). The Exchange believes that application of the limit order price parameter in these circumstances may serve as more of a hindrance to the orderly processing orders (e.g., application of the parameter may result in an inordinate number of orders being excepted from automated process and instead routing for manual handling) and, as a result, has determined to not apply the parameters to option class AAPL for the time being. However, the Exchange may evaluate whether to apply the parameters to the option class and any determination to do so would be announced via Regulatory Circular.

11 For example, if an underlying stock is high priced or volatile and is experiencing significant price movement and the existing parameters would result in an inordinate number of limit orders not being accepted, the senior official in the Help Desk may determine to widen the parameters on an intra-day basis in the overlying or related options series. See C2 Rule 6.17(B); see also C2 Regulatory Circular RG13-059, which is available at http://www.c2exchange.com/publish/RegCir_C2/C2RG13-059.pdf. As another example, if the overall market is experiencing significant volatility, the senior official in the Help Desk may determine to widen the limit order price parameters for a series. In that regard, the Exchange has determined that on any trading day where the front-month E-mini S&P 500 Futures (symbol ES/1) are trading more than 20 points above or below the previous day's closing values by 8:00 a.m. (all times noted are Central Time), the Exchange will widen the limit order price parameter levels from $0.50, $1.00, $1.50, $2.00 and $3.00 as set out in note 10, supra, to $1.00, $2.00, $3.00, $4.00 and $6.00, respectively, for the trading day for all series where the limit order price parameter is activated (referred to herein as the "Standing Intraday Relief Condition"). See C2 Regulatory Circular C2 RG13-059. The next trading day, the limit order price parameter levels would revert back to the normal setting, unless the E-mini S&P 500 Future is more than 20 points above or below the previous day's closing values by 8:00 a.m.

Example of Standing Intraday Relief Condition: If on Monday the E-mini S&P 500 Futures close at 1700 and by 8:00 a.m. on Tuesday the E-mini S&P 500 Future is trading to the extent that both are applicable to an incoming limit order.[12]

The Exchange is also proposing to codify a limit order price parameter for complex orders within Rule 6.13 under proposed Interpretation and Policy .04(g). This limit order price parameter, which is comparable to the limit order price parameters applicable to simple orders described above, is not currently in use. Under this complex order limit order price parameter the Exchange will return a limit priced complex order to the order entry firm where the order is (i) prior to the opening (including before a series is opened following a halt), priced at a net debit that is more than an acceptable tick distance above the derived net market using the Exchange's previous day's close in the individual series legs comprising the complex order or priced at a net credit that is more than an acceptable tick distance below the derived net market using the Exchange's previous day's close in the individual series legs comprising the complex order (such ATD will be as determined by the Exchange on a class by class and net premium basis and announced via Regulatory Circular); or (ii) once a series has opened, priced at a net debit that is

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at 1730 (30 points above the prior day's close of 1700), then the Exchange would adjust the limit order price parameters to the wider levels noted above. If the E-mini S&P 500 Futures close on Tuesday at 1725 and by 8:00 a.m. on Wednesday are trading at 1720 (only 5 points below the prior day's close of 1725), then the limit order price parameter settings would revert back to the levels that were in place on Monday. However, if by 8:00 a.m. on Wednesday the E-mini S&P 500 Futures are trading at 1700 (25 points below the prior day's close of 1725), then the limit order price parameter settings would remain at the levels that were in place on Tuesday.

The Exchange notes that these examples are non-exhaustive and for illustrative purposes only. The Exchange also notes that it may determine for the parameters to differ among series and between pre-open and intra-day.

12 For example, assume the Exchange has established drill through and limit order price ATD settings as prescribed in notes 10 and 11 [sic], supra. If the market quote in a given series is $2.15 - $2.55 and an incoming limit order to buy is priced at $3.50 (more than $0.50 above the offer), the limit order price ATD will be triggered and the Exchange will not accept the limit order for execution. The drill through parameter would not apply (the drill through ATD parameter would only be considered if the limit order price ATD parameter is not triggered).

more than an acceptable tick distance above the opposite side derived net market using the Exchange’s best bid or offer in the individual series legs comprising the complex order or priced at a net credit that is more than an acceptable tick distance below the opposite side derived net market using the Exchange’s best bid or offer in the individual series legs comprising the complex order (such ATD will be as determined by the Exchange on a class by class and net premium basis and announced via Regulatory Circular).[13] Similar to simple orders, this parameter for limit priced complex orders received prior to the opening would not be applicable to limit orders of Exchange Market-Makers or away Market-Makers, or to ISOs as such cannot be entered prior to the opening on the System. Once a series has opened, limit order price parameters will be applied to ISOs in all classes in which the limit order price parameter is activated.[14] The Exchange may determine on a class by class basis and announce via Regulatory Circular whether to apply the parameters in (i) and/or (ii) above to immediate-or-cancel complex orders (similar to the discussion above for simple orders). The Exchange also notes that the limit order price parameter will not be applicable to stock-option orders.[15] The Exchange also

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13 In accordance with the existing provisions of Rule 6.13.01, all pronouncements regarding determinations by the Exchange pursuant to proposed Rule 6.13.04(g) will be announced via Regulatory Circular.

14 Should the Exchange, in the future, determine that, in the interests of fair and orderly markets or, in furtherance of the objectives of the Options Order Protection and Locked/Crossed Market Plan, limit order price parameters should be applied to ISOs (or another order type) in a different manner as other order types, the Exchange may determine to widen or narrow the ATDs with respect to ISOs (or another order type), which would be announced via Regulatory Circular. Should the Exchange, in the future, determine that, in the interests of fair and orderly markets or, in furtherance of the objectives of the Options Order Protection and Locked/Crossed Market Plan, limit order price parameters should not apply to ISOs, a further rule filing would be required.

15 Stock-options orders are excluded from the calculation because the individual component stock leg is not traded on the Exchange and, as a result, calculation of a derived net market by the Exchange’s automated system would be a more complicated function. If in the future the Exchange would decide to enhance the limit order price parameter

proposes several non-substantive changes within Interpretation and Policy .04 to Rule 6.13 to abbreviate the terms "acceptable price range" and "acceptable tick distance" where appropriate for consistency purposes.

Similar to simple orders, the ATD for the limit order price parameter for complex orders will be no less than 5 minimum net price increment ticks (where the "minimum net price increment" is the minimum increment for net priced bids and offers for the given complex order strategy). For example, if the minimum net price increment for complex orders in a given series in a class is $0.01, then the ATD would be no less than $0.05 (5 X $0.01). If the minimum net price increment is $0.05, then the ATD would be no less than $0.25 (5 X $0.05). Also similar to simple orders, the Exchange might widen or inactivate limit order price parameter for complex orders for one or more classes on an intra-day basis in the interest of a fair and orderly market.[16] The limit order price parameter will take precedence over another complex order parameter to the extent that both are applicable to an incoming limit order.[17]

The Exchange is also proposing a miscellaneous change to Rule 6.13.04 to specifically identify the price check parameters that are not applicable to stock-option orders in the introductory text to this provision. The particular parameters to which stock-option orders may

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functionality to address stock-option orders, the Exchange would file a rule change to address stock-option orders.

16 See also note 11, supra.

17 Rule 6.13.04 sets forth various price check parameters applicable to complex orders. For each price check parameter that may be applicable to incoming limit orders - except the market width parameter - the system will not accept or will return the order back to the order entry firm if the parameter is triggered. If the market width parameter is triggered, an incoming (or resting) marketable limit order will be held in the system, displayed in the complex order book if applicable, and not be eligible for automatic execution until the market width condition is resolved. See Rule 6.13.04. In the instance where both the limit order price parameter and another parameter are applicable, the limit order price parameter takes precedence (i.e., is applied first) before the other parameter is applied.

be subjected are already identified within the rule text. This proposed change is simply to include a list of those parameters which are not applicable to stock-option orders in the introductory paragraph for ease of reference.[18]

The Exchange notes that the limit order price parameter for simple and complex is intended to protect market participants from executions of limit orders at prices that are significantly through the Exchange's market (i.e., no less than five minimum increment ticks for simple orders and no less than five minimum net price increment ticks for complex orders). The Exchange believes that TPHs that submit orders on C2 generally intend to receive executions of their orders at or near the Exchange's market. A limit order that is priced significantly through the Exchange's market could be indicative of an error (e.g., mistake in intended price, series, put/call) and could result in executions occurring at prices that have little or no relation to the theoretical price of the option. Accordingly, the Exchange believes the limit order price parameter is a mechanism that will help prevent the entry of erroneous orders, dramatic price swings and, potentially, executions qualifying as obvious errors[19] on C2. The Exchange also believes that orders that are significantly priced through the market have the potential to create market volatility by trading at different price levels until executed in their entirety. As such, the Exchange believes the limit order price parameter may also help limit volatility.

Second, the Exchange is proposing various miscellaneous changes to the existing text in Rule 6.17. In particular, the Exchange is proposing to include a title for each type of price check parameter within the rule text (i.e., for the existing market width parameters, the existing drill through parameters, and the proposed limit order price parameters). The addition of these titles

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18 Specifically, paragraphs (b)(credit-to-debit parameters), (c)(same expiration strategy parameters), (e)(percentage distance parameters) and proposed paragraph (g)(limit order price parameters) of Rule 6.13.04 are not applicable to stock-option orders.

19 See C2 Rule 6.15.

is non-substantive and is intended for ease of reference only. In addition, the Exchange is proposing to replace the “class-by-class basis” reference in proposed Rule 6.17(c) with “series by series and premium basis” to provide consistency within the Rules and reflect the fact that the APR for a simple order will apply on a series by series basis to the single series involved in the order and be determined on a premium basis in relation to the bid-ask differential in that series. For the same reasons, the Exchange proposes to add the term “and premium” to proposed Rule 6.17(a)(1) regarding market width parameters. The Exchange is also renumbering Rule 6.17 and clarifying existing references to APR and ATD as references to the existing market width APR and drill through ATD for ease of reference.

The existing text of Rule 6.17 also provides that the senior official in the Help Desk may grant intra-day relief by widening the APR or ATD settings for one or more option series and that notification of intraday relief will be announced via message to Trading Permit Holders that request to receive such messages. The Exchange is proposing to amend this provision to add that such intra-day relief may be granted in the interest of a fair and orderly market. The Exchange is also proposing to amend this provision to make clear that the senior official in the Help Desk can grant relief by widening or inactivating the applicable APR and/or ATD setting. The Exchange believes including the reference to inactivating the applicable settings is not substantive because an applicable APR or ATD parameter could be widened to such a level that it would be in effect inactive. The Exchange is also proposing to provide within the rule text that the intra-day relief granted by the senior official in the Help Desk will not extend beyond the trade day on which it is granted, unless a determination to extend such relief if announced to TPHs via Regulatory

Circular.[20] The Exchange is also proposing to provide within the rule text that the Exchange will make and keep records to document all determinations to grant intra-day relief under Rule 6.17, and shall maintain those records in accordance with Rule 17a-1 under the Act.[21] The rule text will also provide that the Exchange will periodically review determinations to grant intra-day relief for consistency with the interest of a fair and orderly market. Finally, the Exchange notes that the same intra-day relief provisions are proposed to apply to the limit order price parameter provisions for complex orders in proposed Rule 6.13.04(g).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act[22] in general and furthers the objectives of Section 6(b)(5) of the Act[23] in particular, which requires that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes the proposed rule change furthers the objective of Section 6(b)(5)

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20 The Exchange notes that conditions when the Standing Intraday Relief will be instituted and the particular form of relief have been announced via Regulatory Circular. See note 11, supra. The announcement of the pre-established conditions and relief is intended to serve the circular notification requirement and, as such, a separate circular would not be issued if this relief is instituted over multiple days. However, if the Exchange would determine to modify the conditions for Standing Intraday Relief, then the Exchange would announce those changes by issuing another Regulatory Circular.

21 17 CFR 240.17a-1. The Exchange notes that determinations to grant intra-day relief under Rule 6.17 will be made in compliance with the provisions of the Act and the rules thereunder, including, but not limited to, the requirements in Section 6(b)(5) of the Act, 15 U.S.C. 78f(b), that the rules of a national securities exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

22 15 U.S.C. 78f(b).

23 15 U.S.C. 78f(b)(5).

of the Act in that it permits the Exchange to address the entry of simple and complex limit orders that are priced significantly away from the market that are likely to have resulted from human or operational error.[24] By being able to quickly and efficiently reject orders that likely resulted from such error, the proposed use of the limit order price parameter would promote a fair and orderly market. Additionally, by having the flexibility to determine the series or classes where the limit order price parameter would be applied (or not applied) and the levels at which the ATD settings would be applied, and to grant relief on an intra-day basis, the Exchange is able to effectively structure and efficiently react to particular option characteristics and market conditions - including (without limitation) price, volatility, and significant price movements - which contributes to its ability to maintain a fair and orderly market. Accordingly, the Exchange believes that this proposal is designed to promote just and equity principles of trade, remove impediments to, and perfect the mechanism of, a free and open market.[25]

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[24] The Exchange believes that these principles are equally applicable to ISOs. In an effort to protect market participants from the consequences of such order entry errors and prevent market disruptions that may be caused by erroneously placed orders, the Exchange has determined to apply limit order price parameters to ISOs on the Exchange. The Exchange believes that applying limit order price parameters to ISOs serves to protect investors and is consistent with Section 6(b) of the Act.

[25] The Exchange notes that limit order price parameters are in effect in all classes except options on Apple Inc. (AAPL). There are no limit order price parameters currently activated for option class AAPL. See C2 Regulatory Circular RG13-059, which is available at http://www.c2exchange.com/publish/RegCir_C2/C2RG13-059.pdf. According to the Exchange, volume for options class AAPL is higher and trading is more volatile, while the price of the underlying stock is higher (e.g., Apple Inc. closed at $125.69 on July 7, 2015). The Exchange believes that application of the limit order price parameters in these circumstances may serve as more of a hindrance to the orderly processing orders (e.g., application of the parameter may result in an inordinate number of orders being excepted from automated process and instead routing for manual handling) and, as a result, has determined to not apply the parameters to option class AAPL for the time being. The Exchange believes that because of these factors different treatment of the AAPL class is warranted. However, the Exchange may evaluate whether to apply the parameters to the option class and any determination to do so would be announced via Regulatory Circular.

The Exchange also believes that the other proposed changes to Rule 6.17 (e.g., to include titles for the various price check parameters; to change a reference from class by class to series by series; to make clear that intra-day relief may be granted in the interest of a fair and orderly market and may include widening or inactivating the applicable APR and/or ATD; and to include provisions indicating that intra-day relief may not extend beyond the trade day on which it is granted, unless a determination to extend such relief is announced to Trading Permit Holders via Regulatory Circular, and that the Exchange will make and keep records to document determinations to grant intra-day relief under Rule 6.17) should also serve to further these objectives by more clearly and fully describing certain aspects of the operation of these price check parameters and addressing determinations to modify the operation of the price check parameters on an intra-day basis as provided within Rule 6.17. For the same reason, Exchange believes the substantially similar intra-day relief provisions for complex orders in proposed Rule 6.13.04(g) should also serve to further these objectives. The Exchange also believes that the proposed change to the introductory paragraph to Rule 6.13.04 to specifically identify the price check parameters that are not applicable to stock-option orders should also serve to further these objectives by making the rule easier to read and navigate.

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

The Exchange 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 Exchange believes that the proposed rule change will promote competition in that the limit order price parameters provide market participants with additional protection from anomalous trading. Thus, the Exchange does not believe the proposal creates any significant impact on competition.

The price check parameter features are intended to prevent executions at potentially erroneously prices, which should serve to promote a fair and orderly market and promote trading activity on the Exchange to the benefit of the Exchange, its TPHs, and market participants. The Exchange notes that the limit order price parameters are applied equally to all eligible limit orders, with the limited exception that the parameters do not apply to limit orders for Exchange Market-Makers and away Market-Makers entered prior to the opening. The Exchange believes this does not place an undue burden on competition as the Exchange believes that Market-Makers actively evaluate the pre-opening market and utilize their own risk management parameters when entering, maintaining (and cancelling) orders prior to the opening, minimizing the likelihood of a Market-Maker order resulting an error from being entered and continuing to rest prior to the opening of trading.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[26] and Rule 19b-4(f)(6) thereunder.[27] Because the 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, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[28] and Rule 19b-4(f)(6) thereunder.[29]

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26 15 U.S.C. 78s(b)(3)(A)(iii).

27 17 CFR 240.19b-4(f)(6).

28 15 U.S.C. 78s(b)(3)(A).

A proposed rule change filed under Rule 19b-4(f)(6)[30] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),[31] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately. According to the Exchange, the proposed rule change will provide additional protections against the execution of limit orders that are priced significantly away from the market as a result of human or operational error. In addition, C2's proposed changes to allow flexibility in setting the ATD for a particular option class or series and to grant intra-day relief in the interest of a fair and orderly market should provide the Exchange with the ability to address particular option characteristics and markets conditions. Accordingly, the Commission finds that waiving the 30-day operative delay is consistent with the protection of investors and the public interest and hereby designates the proposal operative upon filing.[32]

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

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[29] 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[30] 17 CFR 240.19b-4(f)(6).

[31] 17 CFR 240.19b-4(f)(6)(iii).

[32] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission shall 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-C2-2015-021 on the subject line.

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-C2-2015-021. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-C2-2015-021, and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Robert W. Errett,
Deputy Secretary.

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33 17 CFR 200.30-3(a)(12), (59).