

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No.* SR - 2018 - * 014

Amendment No. (req. for Amendments *)

Filing by Cboe C2 Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant
 to the Securities Exchange Act of 1934

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

Section 3C(b)(2) *

☐

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend the Fees Schedule

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Corinne Last Name * Klott
 Title * Senior Counsel
 E-mail * klott@cboe.com
 Telephone * (312) 786-7793 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 06/04/2018

By Corinne Klott

(Name *)

Attorney

klott@cboe.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFT website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) proposes to amend its Fees Schedule. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on June 1, 2018.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Corinne Klott, (312) 786-7793, Cboe C2 Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to amend its Fees Schedule.¹

Physical Connectivity

A physical port is utilized by a Trading Permit Holder (“TPH”) or non-TPH to connect to the Exchange at the data centers where the Exchange’s servers are located. The Exchange currently assesses fees for Network Access Ports for legacy physical connections to the Exchange. Specifically, TPHs and non-TPHs can currently elect to connect to C2’s trading system via either a 1 gigabit per second (“Gbps”) Network Access Port or a 10 Gbps Network Access Port. The Exchange currently assesses a

¹ The Exchange initially filed the proposed changes on June 1, 2018 (SR-C2-2018-013). On June 4, 2018, the Exchange withdrew that filing and submit this filing.

monthly fee of \$500 per port for 1 Gbps Network Access Ports and a monthly fee of \$1,000 per port for 10 Gbps Network Access Ports. Through June 30, 2018, C2 market participants will continue to have the ability to connect to C2's trading system via legacy Network Access Ports. The Exchange however, does not wish to assess fees for the legacy ports for the month of June. As such, the Exchange proposes to eliminate the \$500 and \$1,000 per port per month fees, effective June 1, 2018.

On May 14, 2018, the Exchange migrated its technology onto the same trading platform as its affiliates Cboe BZX Exchange, Inc., Cboe BYX Exchange, Inc., Cboe EDGA Exchange, Inc., and Cboe BZX Exchange, Inc. ("Affiliated Exchanges") (the "migration"). In connection with the migration, effective May 14, 2018, TPHs and non-TPHs could alternatively elect to connect to C2 via new Physical Ports. The new Physical Ports allow TPHs and non-TPHs the ability to connect to the Exchange at the data centers where the Exchange's servers are located and TPHs and non-TPHs have the option to connect via 1 Gbps or 10 Gbps Physical Ports. The Exchange currently maintains a presence in two third-party data centers: (i) the primary data center where the Exchange's business is primarily conducted on a daily basis, and (ii) a secondary data center, which is predominantly maintained for business continuity purposes. The Exchange currently assesses a monthly fee of \$2,000 per port for 1 Gbps Physical Ports, and a monthly fee of \$7,000 per port for 10 Gbps Physical Ports, for Physical Ports that connect to the primary data center. The Exchange proposes to increase the monthly Physical Port fees to \$2,500 per port for 1 Gbps Physical Ports and to \$7,500 per port for 10 Gbps Physical Ports. The Exchange notes the proposed fees enable it to continue to maintain and improve its market technology and services and also notes that the proposed fee changes are in line

with the amounts assessed by other exchanges for similar connections.² The Exchange also notes that the proposed changes to the Physical Port fees are also being proposed by its Affiliated Exchanges for June 1, 2018 effectiveness.

Disaster Recovery Physical Ports

The Exchange also proposes to adopt separate Physical Port fees for connection to its secondary data center, which is predominantly maintained for business continuity purposes (“Disaster Recovery Systems”). Particularly, the Disaster Recovery Systems can be accessed via Physical Ports in Chicago. TPHs and Non-TPHs may maintain Physical Ports in order to be able to connect to the Disaster Recovery Systems in case of a disaster. The Exchange proposes to establish separate pricing for Physical Ports that are used to connect to the Disaster Recovery Systems (“Disaster Recovery Physical Ports”). Specifically, the Exchange proposes to assess a monthly fee of \$2,000 per 1 Gbps Disaster Recovery Physical Port and a monthly fee of \$6,000 per 10 Gbps Disaster Recovery Physical Port. This amount will allow the Exchange to maintain the Disaster Recovery Physical Ports in case they become necessary. The Exchange notes that the Disaster Recovery Physical Ports may also be used to access the Disaster Recovery Systems for the following affiliate exchanges: Cboe BZX Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe BYX Exchange, Inc., Cboe Exchange Inc., and Cboe Futures Exchange, LLC. The Exchange proposes to provide that market

² See e.g., NYSE Arca Equities Fees and Charges, NYSE Arca Marketplace: Other Fees and Charges, Connectivity Fees. See also, Nasdaq Phlx LLC Pricing Schedule, Section XI, Direct Connectivity to Phlx.

participants will only be assessed a single fee for any Disaster Recovery Physical Port that also accesses the Disaster Recovery Systems for these exchanges.³

Logical Connectivity

The Exchange currently assesses \$650 per port for BOE and FIX Logical Ports. Additionally, the Fees Schedule provides that each BOE or FIX Logical Port incur the standard logical port fee when used to enter up to 20,000 orders per trading day per logical port as measured on average in a single month and that each incremental usage of up to 20,000 per day per logical port will incur an additional logical port fee of \$650 per month. The Exchange proposes to increase the number of average daily orders used to determine incremental usage from 20,000 orders per trading day per logical port to 70,000 orders per day per logical port. The Exchange believes that the pricing implications of going beyond 70,000 orders, instead of 20,000 orders, per trading day per Logical Port still encourage users to mitigate message traffic as necessary.

Cboe Data Services – Port Fees

The Exchange lastly proposes to amend the “Port Fee” under the Cboe Data Services (“CDS”) fees section. Currently, the Port Fee is payable by any Customer⁴ that receives data through a direct connection to CDS (“direct connection”) or through a connection to CDS provided by an extranet service provider (“extranet connection”). The Port Fee applies to receipt of any C2 Options data feed but is only assessed once per

³ For example, if a market participant uses a 1 Gbps Disaster Recovery Physical Port to connect to the Disaster Recovery Systems for C2, Cboe Options, CFE and EDGX, the market participant would only be assessed one monthly fee of \$2,000.

⁴ A “Customer” is any person, company or other entity that, pursuant to a market data agreement with CDS, is entitled to receive data, either directly from CDS or through an authorized redistributor (i.e., a Customer or an extranet service provider), whether that data is distributed externally or used internally.

data port. The Exchange proposes to amend the monthly CDS Port Fee to provide that it is payable “per source” used to receive data, instead of “per data port”. The Exchange also proposes to increase the fee from \$500 per data port/month to \$1,000 per data source/month.⁵

Clean-Up

The Exchange lastly proposes to correct an inadvertent error with respect to a reference to a C2 Rule in the Fees Schedule. Particularly, the Exchange notes that under the Regulatory Options Fee section of the Fees Schedule, a reference to C2 Rule 6.36 is made. The Exchange notes that such rule was recently replaced with C2 Rule 6.15.⁶ The Exchange proposes to update that reference and notes that no substantive changes are being made by this clean-up update.

(b) 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.⁷ Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act⁸, which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Permit Holders and other

⁵ For example, currently if a Customer receives C2 market data over 4 physical ports over a direct connection and 1 physical port over an extranet connection, the Customer will pay \$2,500 (5 ports x \$500) per month. Under the proposed rule change, the TPH would only pay \$2,000 per month (2 sources (direct C2 port and extranet source) x \$1,000).

⁶ See Securities Exchange Act Release No. 83214 (May 11, 2018) 83 FR 22796 (May 16, 2018) (SR-C2-2018-005).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4).

persons using its facilities. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Physical Connectivity

The Exchange believes it's reasonable, equitable and not unfairly discriminatory to not assess Network Access Port fees for the month of June as market participants will no longer pay fees for these ports. TPHs and non-TPHs will continue to pay the Physical Port fees for Physical Port connections. The Exchange believes the proposed change is equitable and not unfairly discriminatory because it applies uniformly to market participants.

The Exchange believes increasing the fees for the Physical Ports is reasonable because the proposed fees enable the Exchange to continue to maintain and improve its market technology. The Exchange also notes that the proposal represents an equitable allocation of reasonable dues, fees and other charges as its fees for physical connectivity are reasonably constrained by competitive alternatives. If a particular exchange charges excessive fees for connectivity, affected TPHs and non-TPHs may opt to terminate their connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange's data indirectly. Accordingly, if the Exchange charges excessive fees, it would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic

⁹ 15 U.S.C. 78f(b)(5).

imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity. The Exchange also notes that the proposed amounts are in line with the costs of physical connectivity at other Exchanges.¹⁰ The Exchange believes the proposed Physical Port fees are equitable and not unfairly discriminatory because it applies to all market participants.

Similarly, the Exchange believes the proposed fees for the Disaster Recovery Physical Ports are reasonable as it will allow the Exchange to maintain the Disaster Recovery Physical Ports in case they become necessary. The Exchange also believes the proposed fees are reasonable as they remain competitive with those charged by other venues.¹¹ The Exchange believes the proposed rule change is equitable and non-discriminatory because it applies to all market participants equally.

Logical Connectivity

The Exchange believes the proposed increase to the maximum average orders per day per logical port for BOE and FIX Logical Port usage provides market participants adequate capacity and ability to submit orders, while still encouraging users to mitigate message traffic as necessary, which removes impediments to and perfects the mechanism of a free open market and a national market system, and, in general, protects investors and the public interest. The proposed change is also equitable and not unfairly discriminatory because it applies uniformly to all market participants.

Cboe Data Services – Port Fees

¹⁰ See e.g., NYSE Arca Equities Fees and Charges, NYSE Arca Marketplace: Other Fees and Charges, Connectivity Fees. See also, Nasdaq Phlx LLC Pricing Schedule, Section XI, Direct Connectivity to Phlx.

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The Exchange believes the proposed change is reasonable, equitable and not unfairly discriminatory because it applies uniformly to all market participants. The Exchange believes assessing the fee per data source, instead of per port, is reasonable because it may allow for market participants to maintain more ports at a lower cost and applies uniformly to all market participants. The Exchange believes the proposed increase is reasonable because, as noted above, market participants will likely still pay lower fees as a result of charging per data source and not per data port.

Miscellaneous Changes

The Exchange believes the proposed rule change to correct an inadvertent rule reference error alleviates potential confusion. The alleviation of confusion removes impediments to and perfects the mechanism of a free and open market and a national market system.

Item 4. 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 does not believe that the proposed change represents a significant departure from pricing offered by the Exchange's affiliates. Additionally, TPHs may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of TPHs or competing venues to maintain their competitive standing in the financial markets. The Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets. Further, excessive fees for connectivity, would serve to impair an exchange's

ability to compete for order flow rather than burdening competition. The Exchange also does not believe the proposed rule change would impact intramarket competition as it would apply to all TPHs and non-TPHs equally.

Item 5. 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.

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(2)¹³ thereunder.

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (the "Commission"). At any time within 60 days of the filing of this 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.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(2).

(c) Not applicable.

(d) Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-C2-2018-014)

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its 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 _____, Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. 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 available at the Exchange’s website at www.markets.cboe.com, at the principal office of the Exchange, 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

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 parts 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 proposes to amend its Fees Schedule.⁵

Physical Connectivity

A physical port is utilized by a Trading Permit Holder ("TPH") or non-TPH to connect to the Exchange at the data centers where the Exchange's servers are located. The Exchange currently assesses fees for Network Access Ports for legacy physical connections to the Exchange. Specifically, TPHs and non-TPHs can currently elect to connect to C2's trading system via either a 1 gigabit per second ("Gbps") Network Access Port or a 10 Gbps Network Access Port. The Exchange currently assesses a monthly fee of \$500 per port for 1 Gbps Network Access Ports and a monthly fee of \$1,000 per port for 10 Gbps Network Access Ports. Through June 30, 2018, C2 market participants will continue to have the ability to connect to C2's trading system via legacy Network Access Ports. The Exchange however, does not wish to assess fees for the legacy ports for the month of June. As such, the Exchange proposes to eliminate the \$500 and \$1,000 per port per month fees, effective June 1, 2018.

On May 14, 2018, the Exchange migrated its technology onto the same trading

⁵ The Exchange initially filed the proposed changes on June 1, 2018 (SR-C2-2018-013). On June 4, 2018, the Exchange withdrew that filing and submit this filing.

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Disaster Recovery Physical Ports

The Exchange also proposes to adopt separate Physical Port fees for connection to its secondary data center, which is predominantly maintained for business continuity purposes (“Disaster Recovery Systems”). Particularly, the Disaster Recovery Systems

can be accessed via Physical Ports in Chicago. TPHs and Non-TPHs may maintain Physical Ports in order to be able to connect to the Disaster Recovery Systems in case of a disaster. The Exchange proposes to establish separate pricing for Physical Ports that are used to connect to the Disaster Recovery Systems (“Disaster Recovery Physical Ports”). Specifically, the Exchange proposes to assess a monthly fee of \$2,000 per 1 Gbps Disaster Recovery Physical Port and a monthly fee of \$6,000 per 10 Gbps Disaster Recovery Physical Port. This amount will allow the Exchange to maintain the Disaster Recovery Physical Ports in case they become necessary. The Exchange notes that the Disaster Recovery Physical Ports may also be used to access the Disaster Recovery Systems for the following affiliate exchanges: Cboe BZX Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe BYX Exchange, Inc., Cboe Exchange Inc., and Cboe Futures Exchange, LLC. The Exchange proposes to provide that market participants will only be assessed a single fee for any Disaster Recovery Physical Port that also accesses the Disaster Recovery Systems for these exchanges.

Logical Connectivity

The Exchange currently assesses \$650 per port for BOE and FIX Logical Ports. Additionally, the Fees Schedule provides that each BOE or FIX Logical Port incur the standard logical port fee when used to enter up to 20,000 orders per trading day per logical port as measured on average in a single month and that each incremental usage of up to 20,000 per day per logical port will incur an additional logical port fee of \$650 per month. The Exchange proposes to increase the number of average daily orders used to determine incremental usage from 20,000 orders per trading day per logical port to 70,000 orders per day per logical port. The Exchange believes that the pricing

implications of going beyond 70,000 orders, instead of 20,000 orders, per trading day per Logical Port still encourage users to mitigate message traffic as necessary.

Cboe Data Services – Port Fees

The Exchange lastly proposes to amend the “Port Fee” under the Cboe Data Services (“CDS”) fees section. Currently, the Port Fee is payable by any Customer that receives data through a direct connection to CDS (“direct connection”) or through a connection to CDS provided by an extranet service provider (“extranet connection”). The Port Fee applies to receipt of any C2 Options data feed but is only assessed once per data port. The Exchange proposes to amend the monthly CDS Port Fee to provide that it is payable “per source” used to receive data, instead of “per data port”. The Exchange also proposes to increase the fee from \$500 per data port/month to \$1,000 per data source/month.

Clean-Up

The Exchange lastly proposes to correct an inadvertent error with respect to a reference to a C2 Rule in the Fees Schedule. Particularly, the Exchange notes that under the Regulatory Options Fee section of the Fees Schedule, a reference to C2 Rule 6.36 is made. The Exchange notes that such rule was recently replaced with C2 Rule 6.15. The Exchange proposes to update that reference and notes that no substantive changes are being made by this clean-up update.

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.⁶ Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act⁷, which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Permit Holders and other persons using its facilities. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Physical Connectivity

The Exchange believes it's reasonable, equitable and not unfairly discriminatory to not assess Network Access Port fees for the month of June as market participants will no longer pay fees for these ports. TPHs and non-TPHs will continue to pay the Physical Port fees for Physical Port connections. The Exchange believes the proposed change is equitable and not unfairly discriminatory because it applies uniformly to market participants.

The Exchange believes increasing the fees for the Physical Ports is reasonable because the proposed fees enable the Exchange to continue to maintain and improve its market technology. The Exchange also notes that the proposal represents an equitable allocation of reasonable dues, fees and other charges as its fees for physical connectivity are reasonably constrained by competitive alternatives. If a particular exchange charges excessive fees for connectivity, affected TPHs and non-TPHs may opt to terminate their

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78f(b)(5).

connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange's data indirectly. Accordingly, if the Exchange charges excessive fees, it would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity. The Exchange also notes that the proposed amounts are in line with the costs of physical connectivity at other Exchanges.⁹ The Exchange believes the proposed Physical Port fees are equitable and not unfairly discriminatory because it applies to all market participants.

Similarly, the Exchange believes the proposed fees for the Disaster Recovery Physical Ports are reasonable as it will allow the Exchange to maintain the Disaster Recovery Physical Ports in case they become necessary. The Exchange also believes the proposed fees are reasonable as they remain competitive with those charged by other venues.¹⁰ The Exchange believes the proposed rule change is equitable and non-discriminatory because it applies to all market participants equally.

Logical Connectivity

⁹ See e.g., NYSE Arca Equities Fees and Charges, NYSE Arca Marketplace: Other Fees and Charges, Connectivity Fees. See also, Nasdaq Phlx LLC Pricing Schedule, Section XI, Direct Connectivity to Phlx.

¹⁰ See e.g., NYSE Arca Equities Fees and Charges, NYSE Arca Marketplace: Other Fees and Charges, Connectivity Fees. See also, Nasdaq Phlx LLC Pricing Schedule, Section XI, Direct Connectivity to Phlx.

The Exchange believes the proposed increase to the maximum average orders per day per logical port for BOE and FIX Logical Port usage provides market participants adequate capacity and ability to submit orders, while still encouraging users to mitigate message traffic as necessary, which removes impediments to and perfects the mechanism of a free open market and a national market system, and, in general, protects investors and the public interest. The proposed change is also equitable and not unfairly discriminatory because it applies uniformly to all market participants.

Cboe Data Services – Port Fees

The Exchange believes the proposed change is reasonable, equitable and not unfairly discriminatory because it applies uniformly to all market participants. The Exchange believes assessing the fee per data source, instead of per port, is reasonable because it may allow for market participants to maintain more ports at a lower cost and applies uniformly to all market participants. The Exchange believes the proposed increase is reasonable because, as noted above, market participants will likely still pay lower fees as a result of charging per data source and not per data port.

Miscellaneous Changes

The Exchange believes the proposed rule change to correct an inadvertent rule reference error alleviates potential confusion. The alleviation of confusion removes impediments to and perfects the mechanism of a free and open market and a national market system.

(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 does not believe that the proposed change represents a

significant departure from pricing offered by the Exchange's affiliates. Additionally, TPHs may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of TPHs or competing venues to maintain their competitive standing in the financial markets. The Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets. Further, excessive fees for connectivity, would serve to impair an exchange's ability to compete for order flow rather than burdening competition. The Exchange also does not believe the proposed rule change would impact intramarket competition as it would apply to all TPHs and non-TPHs equally.

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

The Exchange has neither solicited nor received written 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: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, 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 Act¹¹ and paragraph (f)(6) of Rule 19b-4

¹¹ 15 U.S.C. 78s(b)(3)(A).

thereunder,¹² the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its 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.

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: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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 proposal 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 No. SR-C2-2018-014 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.

¹² 17 CFR 240.19b-4.

All submissions should refer to File No. SR-C2-2018-014. 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 am and 3:00 pm. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-C2-2018-014 and should be submitted on or before [_____21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Robert W. Errett
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

Cboe C2 Options Exchange Fees Schedule

Effective June [1]4, 2018

Options Regulatory Fee:

\$.0015 per contract through January 31, 2018
\$.0014 per contract effective February 1, 2018*

*The Options Regulatory Fee is assessed to each Trading Permit Holder for options transactions cleared by the Trading Permit Holder that are cleared by The Options Clearing Corporation (OCC) in the customer range, regardless of the exchange on which the transaction occurs. C2 uses reports from OCC when assessing and collecting the ORF. The fee is collected by OCC on behalf of C2 from the Clearing Participant or non-Clearing Participant that ultimately clears the transaction. With respect to linkage transactions, C2 reimburses its routing broker providing Routing Services pursuant to C2 Options Rule 6.[36]15 for options regulatory fees it incurs in connection with the Routing Services it provides. Pursuant to Cboe Options Rule 15.1 (which applies to C2 Trading Permit Holders), solely for purposes of ORF billing, Trading Permit Holders must provide C2 with a complete list of its OCC clearing numbers and keep such information up to date with C2.

Physical Connectivity Fees:

Assessed to TPHs and non-TPHs

Fee	Cost per Month
[Network Access Port (1 Gbps)*]	[\$500]
[Network Access Port (10 Gbps)*]	[\$1,000]
Physical Port 1 Gbps*[*]	\$2,[0]500 per port
Physical Port 10 Gbps*[*]	\$7,[0]500 per port
<u>Physical Port 1 Gbps (Disaster Recovery)</u>	<u>\$2,000 per port</u>
<u>Physical Port 10 Gbps (Disaster Recovery)</u>	<u>\$6,000 per port</u>

* Through June 30, 2018, C2 market participants can elect to connect to C2's trading system via either a 1 Gigabit Ethernet or a 10 Gigabit Ethernet Network Access Port. No

fees will be assessed for the legacy Network Access Ports. [Regardless of which is chosen, the Network Access Port Fee is assessed for each port that provides direct access to C2's trading system. Additionally, separate Network Access Port fees are assessed for unicast (orders, quotes) and multicast (market data) connectivity (i.e., if a Trading Permit Holder uses a 1 Gbps Network Access Port for both unicast and multicast connectivity, the Trading Permit Holder will be charged \$1,000 per month).]

[** Starting May 14, 2018,]TPHs and non-TPHs may [elect to] also connect to C2's trading system via [new] Physical Ports. All Physical Port fees will be prorated based on the remaining trading days in the calendar month. Physical Ports (other than Disaster Recovery Physical Ports) may be used to connect to Cboe BZX, Cboe BYX, Cboe EDGX, and Cboe EDGA. Disaster Recovery Physical Ports may be used to connect to the Disaster Recovery Systems for Cboe BZX, Cboe BYX, Cboe EDGX, Cboe EDGA, Cboe Options and CFE. TPHs and non-TPHs will only be assessed a single fee for any Physical Port or Disaster Recovery Physical Port that accesses the identified exchanges, respectively. The Exchange will pass-through in full any fees or costs in excess of \$1,000.00 incurred by the Exchange to complete a cross-connect.

Logical Connectivity Fees:

Logical Ports (BOE and FIX): Each BOE or FIX Logical Port will incur the logical port fee indicated in the table above when used to enter up to [2]70,000 orders per trading day per logical port as measured on average in a single month. Each incremental usage of up to [2]70,000 per day per logical port will incur an additional logical port fee of \$650 per month. Incremental usage will be determined on a monthly basis based on the average orders per day entered in a single month across all of a market participant's subscribed BOE and FIX Logical Ports.

Cboe Data Services, LLC Fees:

Port Fee: \$[5]1,000/per data [port]source/month

Port Fee. The port fee is payable by any Customer that receives data through a direct connection to CDS or through a connection to CDS provided by an extranet service provider. The port fee applies to receipt of any C2 Options data feed but is only assessed once per data [port] source.

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