

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 12

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

File No.* SR - 2012 - * 001

Amendment No. (req. for Amendments 1)

Proposed Rule Change by C2 Options Exchange, Incorporated
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

☐ I am a Self-Regulatory Organization
☐ I am a Self-Regulatory Organization

Description

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

Proposed rule change 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 proposed rule change.

First Name * Jeff Last Name * Dritz
 Title * Attorney
 E-mail * dritz@cboe.com
 Telephone * (312) 786-7070 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 officer.

Date 01/05/2012

By Jeff Dritz

(Name *)

Assistant Secretary

(Title *)

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.

Jeff Dritz, dritz@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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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 (required)

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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 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

☐

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

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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

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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) C2 Options Exchange, Incorporated (the “Exchange” or “C2”) proposes to amend its Fees Schedule. Set forth below are the proposed changes to the rule text, with additions represented by underscoring and deletions represented by [bracketing].

C2 OPTIONS EXCHANGE, INCORPORATED
FEES SCHEDULE
 JANUARY [1] 5, 2012

1. – 9. No change.

10. Connectivity Charges

Fee	Cost per Month
Network Access Port	\$500
Network Access Port/Sponsored User	\$1000
CMI <u>Login ID</u> [Client Application Server]	\$500
CMI <u>Login ID</u> [Client Application Server]/Sponsored User	\$1,000
FIX <u>Login ID</u> [Port]	\$500
FIX <u>Login ID</u> [Port]/Sponsored User	\$1,000

11. No change.

* * * * *

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) C2’s Office of the Chairman pursuant to delegated authority approved the proposed rule change on January 4, 2012.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, General Counsel, C2, 400 South LaSalle, Chicago, IL 60605, (312) 786-7462 or Jeff Dritz, (312) 786-7070.

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

On December 20, 2011, the Exchange filed to amend its connectivity fees (among other fees) in order to recoup some of the costs from recent investments made to upgrade the CMI Client Application Servers and FIX Ports.¹ In that filing, the Exchange amended such connectivity fees to amounts that kept them equivalent to those offered on the Chicago Board Options Exchange, Incorporated (“CBOE”). CBOE, however, assesses CMI and FIX fees on a per-Login ID basis.² The Exchange had intended to ensure that C2’s CMI and FIX fees were to be assessed on a per-Login ID basis as well, but inadvertently failed to make such modifications. Without assessing such fees on a per-Login ID basis, the situations described above, wherein a firm may have many users, using different Login IDs, accessing the same CMI Client Application Server or FIX Port, allowing the firm to only pay the monthly fee once, and another firm may use the same Login ID to access different CMI Client Application Servers or FIX Ports, thereby paying multiple times for the same Login ID, may occur. Further, without assessing such fees on a per-Login ID basis, the Exchange will not be

¹ See Securities Exchange Act Release No. 66082 (January 3, 2012) (SR-C2-2011-041).

² See CBOE Fees Schedule, Section 16.

able to recoup the costs of the investments to upgrade the CMI Client Application Servers and FIX Ports. As such, the Exchange now proposes to assess CMI Client Application Server and FIX Port costs on a per-Login ID basis.

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (“Act”),³ in general, and furthers the objectives of Section 6(b)(4)⁴ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among C2 Trading Permit Holders and other persons using Exchange facilities. Amending the connectivity fees so that they are assessed on a per-Login ID basis is reasonable because this will allow the Exchange to recoup expenditures to upgrade the connectivity equipment, and because this eliminates circumstances wherein a firm may have many users, using different Login IDs, accessing the same CMI Client Application Server or FIX Port, allowing the firm to only pay the monthly fee once, and another firm may use the same Login ID to access different CMI Client Application Servers or FIX Ports, thereby paying multiple times for the same Login ID. Amending the connectivity fees so that they are assessed on a per-Login ID basis is equitable and not unfairly discriminatory because such fees will be assessed equally to all who use the CMI Client Application Servers or FIX Ports, and because CBOE currently assesses such connectivity fees on a per-Login ID basis, and in the same amounts as the C2 connectivity fees.⁵

Item 4. Self-Regulatory Organization’s Statement on Burden on Competition

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(4).

⁵ See CBOE Fees Schedule, Section 16.

C2 does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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 proposal.

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)

(a) The proposed rule change is to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act⁶.

(b) The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing pursuant to Section 19(b)(3)(A)(ii)⁷ of the Act.

(c) Not applicable.

(d) Not applicable.

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

The proposed change to assess connectivity fees on a per-Login ID basis would make C2 connectivity fees equivalent to CBOE connectivity fees.⁸

Item 9. Exhibits

Exhibit 1. Form of notice of proposed rule change for publication in the Federal Register.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ See CBOE Fees Schedule, Section 16.

EXHIBIT 1

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

Dated: _____

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 5, 2012, the C2 Options Exchange, Incorporated (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Fees Schedule. The text of the proposed rule change is available on the Exchange’s Web site (<http://www.cboe.org/legal>), at the Exchange’s Office of the Secretary, and at the Commission.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

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

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

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

⁴ See CBOE Fees Schedule, Section 16.

Server or FIX Port, allowing the firm to only pay the monthly fee once, and another firm may use the same Login ID to access different CMI Client Application Servers or FIX Ports, thereby paying multiple times for the same Login ID, may occur. Further, without assessing such fees on a per-Login ID basis, the Exchange will not be able to recoup the costs of the investments to upgrade the CMI Client Application Servers and FIX Ports. As such, the Exchange now proposes to assess CMI Client Application Server and FIX Port costs on a per-Login ID basis.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(4)⁶ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among C2 Trading Permit Holders and other persons using Exchange facilities. Amending the connectivity fees so that they are assessed on a per-Login ID basis is reasonable because this will allow the Exchange to recoup expenditures to upgrade the connectivity equipment, and because this eliminates circumstances wherein a firm may have many users, using different Login IDs, accessing the same CMI Client Application Server or FIX Port, allowing the firm to only pay the monthly fee once, and another firm may use the same Login ID to access different CMI Client Application Servers or FIX Ports, thereby paying multiple times for the same Login ID. Amending the connectivity fees so that they are assessed on a per-Login ID basis is equitable and not unfairly discriminatory because such fees will be assessed equally to all who use the CMI Client Application

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

Servers or FIX Ports, and because CBOE currently assesses such connectivity fees on a per-Login ID basis, and in the same amounts as the C2 connectivity fees.⁷

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

C2 does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A) of the Act⁸ and subparagraph (f)(2) of Rule 19b-4⁹ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

⁷ See CBOE Fees Schedule, Section 16.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 C.F.R. 240.19b-4(f)(2).

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2012-001 on the subject line.

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-C2-2012-001. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<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 also will be available for inspection and copying at the principal office of the C2. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You

should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-C2-2012-001 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Dated: _____

Deputy Secretary
Cathy H. Ahn

¹⁰ 17 CFR 200.30-3(a)(12).