OMB APPROVAL
OMB Number: 3235-0045 Estimated average burden hours per response.....38

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 15

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

File No.* SR - 2012 - * 033
Amendment No. (req. for Amendments *)

Proposed Rule Change by C2 Options Exchange, Incorporated

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) *
☑	☐	☐	☐	☑	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

19b-4(f)(1)	19b-4(f)(2)	19b-4(f)(3)	19b-4(f)(4)	19b-4(f)(5)	19b-4(f)(6)
☐	☐	☐	☐	☐	☑

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal to extend a pilot program

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 09/19/2012

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 EFFS website.

Form 19b-4 Information (required)

Add Remove View

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)

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 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

☐

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

Add Remove View

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

Add Remove View

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) C2 Options Exchange, Incorporated (the "Exchange" or "C2") proposes to extend the pilot program that allows the Exchange to list and trade p.m.-settled, cash-settled options on the Standard & Poor's 500 Index. The text of the proposed rule change is provided below.

(additions are underlined; deletions are [bracketed])

* * * * *

C2 Options Exchange, Incorporated

Rules

* * * * *

CHAPTER 24
Index Options

The rules contained in CBOE Chapter XXIV, as such rules may be in effect from time to time, shall apply to C2 and are hereby incorporated into this Chapter. C2 Participants shall comply with CBOE Chapter XXIV as if such rules were part of the C2 Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from CBOE Chapter XXIV shall have the following meanings for purposes of this Chapter: "Exchange" and "CBOE" shall mean C2; "Trading Permit Holder" (i.e., CBOE Trading Permit Holder) shall mean "Participant" or "Permit Holder"; "Clearing Trading Permit Holder" shall mean "Clearing Participant"; "trading crowd" shall mean "Exchange"; and "floor of the Exchange" shall mean "System."

Notwithstanding the above paragraph, the following Rules from CBOE Chapter XXIV shall not apply to C2: Rules 24.6 (Days and Hours of Business); 24.7 (Trading Halts, Suspensions, or Primary Market Closure); 24.13 (Trading Rotations); 24.15 (Automatic Execution of Index Options); 24.17 (RAES Eligibility in Broad-Based Index Options and Options on Exchange Traded Funds on Broad Based Indexes); 24.19 (Multi-Class Broad-Based Index Option Spread Orders); 24.20 (SPX Combination Orders); and 24.21 (Index Crowd Space Dispute Resolution Procedures).

…Supplemental Rules to C2 Chapter 24:

(a) In addition to the provisions set forth in CBOE Rule 24.9, P.M.-settled S&P 500 Index options with third-Friday-of-the-month expiration dates may be listed for trading on C2 for a pilot period ending November 2, 201<u>3</u>[2].

(1) For the duration of the pilot period identified in subparagraph (a), on the last trading day, transactions in expiring PM-settled S&P 500 Index options may be effected on the Exchange between the hours of 8:30 a.m. (Chicago time) and 3:00 pm (Chicago time).

* * * * *

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange's President pursuant to delegated authority approved the proposed rule change on September 18, 2012.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, (312) 786-7462, or Jeff Dritz, (312) 786-7070, C2 Options Exchange, Incorporated, 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

On September 2, 2011, the Securities and Exchange Commission (the "Commission") approved, on a pilot basis, the Exchange's proposal to list and trade p.m.-settled, cash-settled S&P 500 index options with third-Friday-of-the-month expiration dates ("Expiration Friday") for which the exercise settlement value was to be based on the index value derived from the closing prices of component securities, for an initial period of fourteen months (the "Pilot Program").[1] The proposed contract (referred to as

[1] See Securities Exchange Act Release No. 65256 (September 2, 2011), 76 FR 55969 (September 9, 2011) (SR-C2-2011-008) (the "Approving Release"). See also Securities Exchange Act Release No. 65521 (October 7, 2011), 76 FR 63973 (October 14, 2011) (SR-C2-2011-029), which inserted "November 2, 2012"

"SPXPM") is traded using a $100 multiplier, and the minimum trading increment is $0.05 for options trading below $3.00 and $0.10 for all other series. Strike price intervals are set no less than 5 points apart. Consistent with existing rules for index options, the Exchange has allowed up to twelve near-term expiration months, as well as LEAPS. Expiration processing has occurred on the Saturday following Expiration Friday. The product has European-style exercise and is not subject to position limits, though there are enhanced reporting requirements. All of these specifications are in accordance with those described in the Approving Release.

As part of the Pilot Program, the Exchange committed to submit a pilot program report to the Commission at least two months prior to the expiration date of the Pilot Program (the "Annual Report"), as well as periodic interim reports. The Exchange recently submitted this Annual Report, which contains an analysis of volume, open interest, and trading patterns. The analysis examines trading in the proposed option product as well as trading in the securities that comprise the S&P 500 index. In addition to the Annual Report, the Exchange has provided the Commission with periodic interim reports while the Pilot Program has been in effect.

In trading SPXPM according to the specifications described above, and submitting the Annual Report as well as periodic interim reports regarding the Pilot Program, the Exchange has complied with the requirements of the Approving Release. During the Pilot Program, the Exchange experienced no problems with or issues regarding the trading of SPXPM. Further, SPXPM has been a popular product among investors, and the Exchange expects it to continue to be a valuable offering for investors.

(fourteen months after September 2, 2011) as the conclusion date for this initial period of the Pilot Program.

The initial period for the Pilot Program is scheduled to conclude on November 2, 2012.[2] The Exchange hereby proposes to extend the duration of this Pilot Program for one year, until November 2, 2013. Extending the Pilot Program by one year will give the Commission more time to consider the impact of the Pilot Program. The Exchange will continue to submit to the Commission annual and interim reports pursuant to the requirements provided in the Approving Release. In addition to these requirements, the Exchange will provide an analysis of the distribution of trade sizes for SPX in the Annual Report, and will work with the Commission in providing additional data, as needed, to evaluate the Pilot Program.

(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.[3] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[4] requirements 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 for a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes that the trading of SPXPM in the manner in which it has been traded, and would continue to be traded, under the Pilot Program has not and does not raise any meaningful regulatory concerns. Further, the Exchange believes that such

---

2 See Securities Exchange Act Release No. 65521 (October 7, 2011), 76 FR 63973 (October 14, 2011) (SR-C2-2011-029).

3 15 U.S.C. 78f(b).

4 15 U.S.C. 78f(b)(5).

trading has not, and will not adversely impact fair and orderly markets on Expiration Fridays for the underlying stocks comprising the S&P 500 index. Additionally, the trading of SPXPM provides investors with additional opportunities to trade S&P 500 options with a p.m.-settlement feature in an exchange environment and subject to transparent exchange-based rules. The Exchange also believes that investors benefit from the opportunity to trade in association with this product on Expiration Fridays, thereby removing impediments to a free and open market consistent with the Act.

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

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

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)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act[5] and Rule 19b-4(f)(6)[6] thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not

---

5 15 U.S.C. 78s(b)(3)(A).

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

become operative for 30 days after the date of the filing, or such shorter time as the Securities and Exchange Commission (the "Commission") may designate if consistent with the protection of investors and the public interest. Additionally, 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.

The proposed rule change merely allows for the extension of the Pilot Program, which has previously been approved by the Commission.[7] The proposed rule change does not present any novel issues.

For the foregoing reasons, this rule filing qualifies as a "non-controversial" rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission.

(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 rule change is not based on the rules of another self-regulatory organization.

Item 9. Exhibits

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

[7] See the Approving Release.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-C2-2012-033]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend a Pilot Program

[Insert date]

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 [insert date], 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 extend a pilot program. The text of the proposed rule change is available on the Exchange's Web site (http://www.c2exchange.com/Legal/), at the Exchange's Office of the Secretary, and at the Commission.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places

---

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

2 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

On September 2, 2011, the Commission approved, on a pilot basis, the Exchange's proposal to list and trade p.m.-settled, cash-settled S&P 500 index options with third-Friday-of-the-month expiration dates ("Expiration Friday") for which the exercise settlement value was to be based on the index value derived from the closing prices of component securities, for an initial period of fourteen months (the "Pilot Program").[3] The proposed contract (referred to as "SPXPM") is traded using a $100 multiplier, and the minimum trading increment is $0.05 for options trading below $3.00 and $0.10 for all other series. Strike price intervals are set no less than 5 points apart. Consistent with existing rules for index options, the Exchange has allowed up to twelve near-term expiration months, as well as LEAPS. Expiration processing has occurred on the Saturday following Expiration Friday. The product has European-style exercise and is not subject to position limits, though there are enhanced reporting requirements. All of these specifications are in accordance with those described in the Approving Release.

As part of the Pilot Program, the Exchange committed to submit a pilot program report to the Commission at least two months prior to the expiration date of the Pilot Program (the "Annual Report"), as well as periodic interim reports. The Exchange

---

3 See Securities Exchange Act Release No. 65256 (September 2, 2011), 76 FR 55969 (September 9, 2011) (SR-C2-2011-008) (the "Approving Release"). See also Securities Exchange Act Release No. 65521 (October 7, 2011), 76 FR 63973 (October 14, 2011) (SR-C2-2011-029), which inserted "November 2, 2012" (fourteen months after September 2, 2011) as the conclusion date for this initial period of the Pilot Program.

recently submitted this Annual Report, which contains an analysis of volume, open interest, and trading patterns. The analysis examines trading in the proposed option product as well as trading in the securities that comprise the S&P 500 index. In addition to the Annual Report, the Exchange has provided the Commission with periodic interim reports while the Pilot Program has been in effect.

In trading SPXPM according to the specifications described above, and submitting the Annual Report as well as periodic interim reports regarding the Pilot Program, the Exchange has complied with the requirements of the Approving Release. During the Pilot Program, the Exchange experienced no problems with or issues regarding the trading of SPXPM. Further, SPXPM has been a popular product among investors, and the Exchange expects it to continue to be a valuable offering for investors.

The initial period for the Pilot Program is scheduled to conclude on November 2, 2012.[4] The Exchange hereby proposes to extend the duration of this Pilot Program for one year, until November 2, 2013. Extending the Pilot Program by one year will give the Commission more time to consider the impact of the Pilot Program. The Exchange will continue to submit to the Commission annual and interim reports pursuant to the requirements provided in the Approving Release. In addition to these requirements, the Exchange will provide an analysis of the distribution of trade sizes for SPX in the Annual Report, and will work with the Commission in providing additional data, as needed, to evaluate the Pilot Program.

---

[4] See Securities Exchange Act Release No. 65521 (October 7, 2011), 76 FR 63973 (October 14, 2011) (SR-C2-2011-029).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[5] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[6] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes that the trading of SPXPM in the manner in which it has been traded, and would continue to be traded, under the Pilot Program has not and does not raise any meaningful regulatory concerns. Further, the Exchange believes that such trading has not, and will not adversely impact fair and orderly markets on Expiration Fridays for the underlying stocks comprising the S&P 500 index. Additionally, the trading of SPXPM provides investors with additional opportunities to trade S&P 500 options with a p.m.-settlement feature in an exchange environment and subject to transparent exchange-based rules. The Exchange also believes that investors benefit from the opportunity to trade in association with this product on Expiration Fridays, thereby removing impediments to a free and open market consistent with the Act.

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

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

---

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

6 15 U.S.C. 78f(b)(5).

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

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

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

Because the foregoing proposed rule change does not:

A. significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. 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)[7] of the Act and Rule 19b-4(f)(6)[8] thereunder.

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.

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:

---

[7] 15 U.S.C. 78s(b)(3)(A).

[8] 17 CFR 240.19b-4(f)(6).

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-C2-2012-033 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-C2-2012-033. 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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office 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-C2-2012-033 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[9]

Secretary

---

9 17 CFR 200.30-3(a)(12).