

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 * 24

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

File No.* SR - 2013 - * 020

Amendment No. (req. for Amendments *)

Filing 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) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			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)		

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 * 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.

(Title *)

Date 05/01/2013

By Jeff Dritz

(Name *)

Assistant Secretary

Jeff Dritz, dritz@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 EFFF website.	
<div>Form 19b-4 Information *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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)
<div>Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
<div>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 4 - Marked Copies</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Partial Amendment</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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. The text of the proposed rule change is in Exhibit 5.

(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 April 26, 2013.

(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

The Exchange proposes to amend its Fees Schedule. First, the Exchange proposes to make changes to its fees for orders in all multiply-listed index and ETF options classes. Currently, the Exchange offers a rebate for Public Customer complex orders, including those that trade against simple (non-complex) orders (excluding trades on the open, for which no fees are assessed or rebates given). However, the Exchange also offers a rebate for all Maker simple orders (excluding trades on the open, for which no fees are assessed or rebates given). Therefore, in circumstances when a Public Customer complex order trades against a simple Maker order, the Exchange pays a rebate to both market participants and takes in no fees. The Exchange has determined that this is not economically viable. Therefore, the Exchange proposes to add a note that applies to the

listing of all Maker rebates in Section 1A of the Fees Schedule (which discusses fees for simple, non-complex orders in all multiply-listed index and ETF options classes) that states “Rebates do not apply to orders that trade with Public Customer complex orders. In such a circumstance, there will be no fee or rebate.” The Exchange also proposes to amend the note that already applies to the listing of all Public Customer rebates in Section 1D of the Fees Schedule (which discusses fees for complex orders in all multiply-listed index and ETF options classes). This note currently states that the rebate for Public Customer complex orders does not apply to Public Customer orders that trade with other Public Customer orders. In such a circumstance, there will be no Maker or Taker fee or rebate. The Exchange proposes to amend this note to state that the rebate (for Public Customer complex orders) will only apply to Public Customer complex orders that trade with non-Public Customer complex orders. In other circumstances, there will be no Maker or Taker fee or rebate. This simple language achieves the goal of excepting out Public Customer complex orders that trade with simple orders from receiving the rebate (as well as excepting out Public Customer complex orders that trade with other Public Customer complex orders, which were already excepted out of receiving the rebate), and states that such orders will be assessed no fee or rebate.

The Exchange also proposes to amend fees for simple, non-complex orders in equity options classes. The maximum fees for such orders are \$0.85 (\$0.085 mini-options) and the maximum rebates for such orders are \$0.75 (\$0.075 for mini-options).¹ Feedback received from C2 market participants has made it clear to the Exchange that in the BAC, MBI, BBRY, DELL and JCP equity options classes (the “Unique Classes”), the

¹ All fee amounts referenced are per-contract.

economics of a fee/rebate structure that has a maximum fee of \$0.85 per contract and a maximum rebate of \$0.75 per contract is disproportionate to pricing and does not encourage trading. As such, the Exchange proposes to amend its Fees Schedule to state that the maximum fee for the Unique Classes will be \$0.55 per contract and the maximum rebate for the Unique Classes will be \$0.45 per contract (mini-options are not traded on the Unique Classes). This maintains the \$0.10 difference between the maximum fee and rebate (as currently exists).

The Exchange also proposes to amend its Fees Schedule to make a number of technical changes. First, the Exchange proposes to remove all references in the Fees Schedule to SPXPM, a product which is no longer traded on C2. Therefore, Section 1E of the current Fees Schedule, which listed the rates for SPXPM executions, is no longer relevant, and therefore the Exchange proposes to delete it. Section 1F – Index License Surcharge Fees – can also be deleted, as the only Index License Surcharge Fee listed was that for SPXPM. References to the SPXPM Tier Appointment Fee in Section 3 will also be deleted.

The Exchange also proposes to delete references to past dates from its Fees Schedule. Section 1B describes how fees for simple, non-complex orders in equity options classes will be calculated, effective February 1, 2013. Since that date has passed, the Exchange proposes to delete such reference. Similarly, Section 8E lists the Options Regulatory Fee (“ORF”) as being \$.0015 per contract through December 31, 2012 and \$.002 per contract effective January 2, 2013. As January 2, 2013 has passed, the Exchange proposes to delete the reference to the previous fee and merely state that the ORF will be \$.002 per contract.

Finally, the Exchange proposes to clearly state that the fees in Sections 1A and 1C that apply to multiply-listed index and ETF options classes also apply to multiply-listed ETN options classes. This was not previously explicitly-stated on the Fees Schedule.

(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.² Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,³ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. The proposed changes to the rebates offered for multiply-listed index and ETF options are reasonable because, while in the circumstances discussed, market participants will no longer be receiving a rebate, they still will not be paying a fee for such transactions. Further, it is not economically viable for the Exchange to be paying out rebates in transactions in which the Exchange does not collect a fee (especially to be paying out rebates on both sides of such transactions). This change is equitable and not unfairly discriminatory because it will apply to all market participants who had previously been receiving rebates for such transactions, and they will all now simply not be assessed a fee (or provided a rebate) in those circumstances.

The Exchange believes that the proposed change to the maximum fee and rebate amounts for the Unique Classes is reasonable because the maximum amounts of both fees and rebates will be lower than it currently is. Further, the maximum fee amount is

² 15 U.S.C. 78f(b).

³ 15 U.S.C. 78f(b)(4).

reasonable because, among other things, the fee will not always be assessed for the maximum amount. The fee will only be for the maximum amount when the BBO Market Width is wide. Otherwise, the fee will be smaller. Indeed, the purpose of the fees structure is to encourage tighter quoting by linking lower fees to such tighter quoting. It is necessary to maintain a spread between the maximum fee and the maximum rebate because, in the event that the maximum fee and rebate both apply, the \$0.10 per-contract difference will allow the Exchange to maintain a minimum level of profit potential. Rebate amounts are often generally lower than fee amounts on the Exchange, as well as on other exchanges,⁴ for this reason (among others). The Exchange believes that it is equitable and not unfairly discriminatory to offer different maximum fees and rebates for simple, non-complex orders in the Unique Classes than for other equity options classes because the economics of the Unique Classes are such that the proposed maximum fee and rebates for the Unique Classes are more relevant and will encourage greater trading in those classes. Further, the spread between the maximum fee and rebate for the Unique Classes and for other equity options classes will be the same (\$0.10 per contract). Finally, the proposed maximum fee and rebate amounts for the Unique Classes apply to all market participants in the same manner that the current maximum fee and rebate amounts do.

The Exchange believes that making changes to remove references to SPXPM and past dates, and to add the references to ETN options, is consistent with the Section 6(b)(5)⁵ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to

⁴ See current C2 Fees Schedule, Section 1, and NOM Chapter XV (Options Pricing), Section 2.

⁵ 15 U.S.C. 78f(b)(5).

foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Removing obsolete and irrelevant references and sections from the Fees Schedule and improving the references to ETN options prevents possible investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

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. The Exchange does not believe that the proposed changes to the rebates offered for multiply-listed index and ETF options will impose any unnecessary or inappropriate burden on intramarket competition because the changes will apply to all market participants who had previously been receiving rebates for such transactions, and they will all now simply not be assessed a fee (or provided a rebate) in those circumstances. The Exchange does not believe that the proposed changes to the maximum fee and rebate amounts for the Unique Classes will impose any unnecessary or inappropriate burden on intramarket competition because they will apply to all market participants in the same manner that the current maximum fee and rebate amounts do. The Exchange does not believe that the proposed changes will impose any unnecessary or inappropriate burden on intermarket competition because they apply only to trading on C2, and because these changes lower rebates that had previously been provided. To the extent that these changes

make C2 a more attractive trading venue for market participants on other exchanges, such market participants may always elect to become market participants at C2.

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 Act⁶ and Rule 19b-4(f)(2)⁷ 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.

(c) Not applicable.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(2).

(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 if not included under Item 1(a).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-C2-2013-020]

[Insert date]

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 [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 amend its Fees Schedule. The text of the proposed rule change is available on the Exchange’s website (<http://www.c2exchange.com/Legal/>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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

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

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Fees Schedule. First, the Exchange proposes to make changes to its fees for orders in all multiply-listed index and ETF options classes. Currently, the Exchange offers a rebate for Public Customer complex orders, including those that trade against simple (non-complex) orders (excluding trades on the open, for which no fees are assessed or rebates given). However, the Exchange also offers a rebate for all Maker simple orders (excluding trades on the open, for which no fees are assessed or rebates given). Therefore, in circumstances when a Public Customer complex order trades against a simple Maker order, the Exchange pays a rebate to both market participants and takes in no fees. The Exchange has determined that this is not economically viable. Therefore, the Exchange proposes to add a note that applies to the listing of all Maker rebates in Section 1A of the Fees Schedule (which discusses fees for simple, non-complex orders in all multiply-listed index and ETF options classes) that states "Rebates do not apply to orders that trade with Public Customer complex orders. In such a circumstance, there will be no fee or rebate." The Exchange also proposes to amend the note that already applies to the listing of all Public Customer rebates in Section 1D of the Fees Schedule (which discusses fees for complex orders in all multiply-listed index and ETF options classes). This note currently states that the rebate for Public Customer complex orders does not apply to Public Customer orders that trade with other Public Customer orders. In such a circumstance, there will be no Maker or Taker fee or rebate.

The Exchange proposes to amend this note to state that the rebate (for Public Customer complex orders) will only apply to Public Customer complex orders that trade with non-Public Customer complex orders. In other circumstances, there will be no Maker or Taker fee or rebate. This simple language achieves the goal of excepting out Public Customer complex orders that trade with simple orders from receiving the rebate (as well as excepting out Public Customer complex orders that trade with other Public Customer complex orders, which were already excepted out of receiving the rebate), and states that such orders will be assessed no fee or rebate.

The Exchange also proposes to amend fees for simple, non-complex orders in equity options classes. The maximum fees for such orders are \$0.85 (\$0.085 mini-options) and the maximum rebates for such orders are \$0.75 (\$0.075 for mini-options).³ Feedback received from C2 market participants has made it clear to the Exchange that in the BAC, MBI, BBRY, DELL and JCP equity options classes (the “Unique Classes”), the economics of a fee/rebate structure that has a maximum fee of \$0.85 per contract and a maximum rebate of \$0.75 per contract is disproportionate to pricing and does not encourage trading. As such, the Exchange proposes to amend its Fees Schedule to state that the maximum fee for the Unique Classes will be \$0.55 per contract and the maximum rebate for the Unique Classes will be \$0.45 per contract (mini-options are not traded on the Unique Classes). This maintains the \$0.10 difference between the maximum fee and rebate (as currently exists).

The Exchange also proposes to amend its Fees Schedule to make a number of technical changes. First, the Exchange proposes to remove all references in the Fees

³ All fee amounts referenced are per-contract.

Schedule to SPXPM, a product which is no longer traded on C2. Therefore, Section 1E of the current Fees Schedule, which listed the rates for SPXPM executions, is no longer relevant, and therefore the Exchange proposes to delete it. Section 1F – Index License Surcharge Fees – can also be deleted, as the only Index License Surcharge Fee listed was that for SPXPM. References to the SPXPM Tier Appointment Fee in Section 3 will also be deleted.

The Exchange also proposes to delete references to past dates from its Fees Schedule. Section 1B describes how fees for simple, non-complex orders in equity options classes will be calculated, effective February 1, 2013. Since that date has passed, the Exchange proposes to delete such reference. Similarly, Section 8E lists the Options Regulatory Fee (“ORF”) as being \$.0015 per contract through December 31, 2012 and \$.002 per contract effective January 2, 2013. As January 2, 2013 has passed, the Exchange proposes to delete the reference to the previous fee and merely state that the ORF will be \$.002 per contract.

Finally, the Exchange proposes to clearly state that the fees in Sections 1A and 1C that apply to multiply-listed index and ETF options classes also apply to multiply-listed ETN options classes. This was not previously explicitly-stated on the Fees Schedule.

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.⁴ Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,⁵ which requires that

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4).

Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. The proposed changes to the rebates offered for multiply-listed index and ETF options are reasonable because, while in the circumstances discussed, market participants will no longer be receiving a rebate, they still will not be paying a fee for such transactions. Further, it is not economically viable for the Exchange to be paying out rebates in transactions in which the Exchange does not collect a fee (especially to be paying out rebates on both sides of such transactions). This change is equitable and not unfairly discriminatory because it will apply to all market participants who had previously been receiving rebates for such transactions, and they will all now simply not be assessed a fee (or provided a rebate) in those circumstances.

The Exchange believes that the proposed change to the maximum fee and rebate amounts for the Unique Classes is reasonable because the maximum amounts of both fees and rebates will be lower than it currently is. Further, the maximum fee amount is reasonable because, among other things, the fee will not always be assessed for the maximum amount. The fee will only be for the maximum amount when the BBO Market Width is wide. Otherwise, the fee will be smaller. Indeed, the purpose of the fees structure is to encourage tighter quoting by linking lower fees to such tighter quoting. It is necessary to maintain a spread between the maximum fee and the maximum rebate because, in the event that the maximum fee and rebate both apply, the \$0.10 per-contract difference will allow the Exchange to maintain a minimum level of profit potential. Rebate amounts are often generally lower than fee amounts on the Exchange, as well as on other exchanges,⁶ for this

⁶ See current C2 Fees Schedule, Section 1, and NOM Chapter XV (Options

reason (among others). The Exchange believes that it is equitable and not unfairly discriminatory to offer different maximum fees and rebates for simple, non-complex orders in the Unique Classes than for other equity options classes because the economics of the Unique Classes are such that the proposed maximum fee and rebates for the Unique Classes are more relevant and will encourage greater trading in those classes. Further, the spread between the maximum fee and rebate for the Unique Classes and for other equity options classes will be the same (\$0.10 per contract). Finally, the proposed maximum fee and rebate amounts for the Unique Classes apply to all market participants in the same manner that the current maximum fee and rebate amounts do.

The Exchange believes that making changes to remove references to SPXPM and past dates, and to add the references to ETN options, is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Removing obsolete and irrelevant references and sections from the Fees Schedule and improving the references to ETN options prevents possible investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

⁷ Pricing), Section 2.
15 U.S.C. 78f(b)(5).

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. The Exchange does not believe that the proposed changes to the rebates offered for multiply-listed index and ETF options will impose any unnecessary or inappropriate burden on intramarket competition because the changes will apply to all market participants who had previously been receiving rebates for such transactions, and they will all now simply not be assessed a fee (or provided a rebate) in those circumstances. The Exchange does not believe that the proposed changes to the maximum fee and rebate amounts for the Unique Classes will impose any unnecessary or inappropriate burden on intramarket competition because they will apply to all market participants in the same manner that the current maximum fee and rebate amounts do. The Exchange does not believe that the proposed changes will impose any unnecessary or inappropriate burden on intermarket competition because they apply only to trading on C2, and because these changes lower rebates that had previously been provided. To the extent that these changes make C2 a more attractive trading venue for market participants on other exchanges, such market participants may always elect to become market participants at C2.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and paragraph (f) 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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2013-020 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.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-C2-2013-020. 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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the 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-C2-2013-020 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

C2 Options Exchange, Incorporated
Fees Schedule
[MARCH 26]MAY 1, 2013

1. Transaction Fees

A) The following rates apply to simple, non-complex orders in all multiply-listed index, [and]ETF and ETN options classes. Listed rates are per contract.

	Maker	Maker (Mini-options)	Taker Fee	Taker Fee (Mini-options)
Public Customer	(\$ <u>.37</u>)*	(\$ <u>.04</u>)*	\$.44	\$.04
C2 Market-Maker	(\$ <u>.40</u>)*	(\$ <u>.04</u>)*	\$.45	\$.05
All Other Origins (Professional Customer, Firm, Broker/Dealer, non-C2 Market-Maker, JBO, etc.)	(\$ <u>.35</u>)*	(\$ <u>.03</u>)*	\$.45	\$.04
Trades on the Open	(\$0.00)	(\$0.00)	\$0.00	\$0.00

* Rebates do not apply to orders that trade with Public Customer complex orders. In such a circumstance, there will be no fee or rebate.

B) [Effective February 1, 2013, f]Fees for simple, non-complex orders in equity options classes will be calculated based on the following formula. Fees are calculated on a per-contract basis. The maximum fee will be \$0.85 per contract (\$0.085 for mini-options).**

Fee = (C2 BBO Market Width at time of execution) x (Market Participant Rate) x 50*

* For mini-options, the multiplier will be 5 instead of 50.

BBO Market Width: Displayed C2 Ask Price – Displayed C2 Bid Price

Market Participant Rate:

Market Participant	Rate
C2 Market-Maker*	30%
Public Customer (Maker)	40%
All other origins	50%

* C2 Market-Makers will not be assessed a fee for Maker trades with any non-Public Customer market participants.

Public Customer Taker Rebate

A rebate (in lieu of a fee) will be provided for simple, non-complex Public Customer orders in all equity options classes that remove liquidity (i.e. takers) based upon the following formula. Rebates are calculated on a per-contract basis. The maximum rebate will be capped at \$0.75 per contract (\$0.075 for mini-options).**

Rebate = (C2 BBO Market Width at time of execution) x (Order Size Multiplier) x 50*

*For mini options, the multiplier will be 5 instead of 50.

Order Size Multiplier:

Number of contracts in order	Multiplier
1-10	36%
11-99	30%
100-250	20%
251+	0%

Multiple orders from the same executing firm for itself or for a CMTA or correspondent firm in the same series on the same side of the market that are received by the Exchange within 500 milliseconds will be aggregated for purposes of determining the order quantity.

There will be no fee or rebate for trades on the open. If an execution occurs when there is no Displayed C2 Ask Price, the maximum fee and/or rebate will apply.

** For the BAC, MBI, BBRY, DELL and JCP equity options classes, the maximum fee will be \$0.55 per contract and the maximum rebate will be \$0.45 per contract.

C) The following rates apply to complex orders in multiply-listed index, [and]ETF and ETN options classes. For transactions in which simple, non-complex orders execute against a complex order, each component of the complex order will be assessed the complex order fees listed in this Section 1C of this Fees Schedule, while the simple, non-complex orders will be assessed the transaction fees listed in Section 1A of this Fees Schedule. For transactions in which a complex order executes against another complex order, each component of the complex order will be assessed the complex order fees listed in this Section 1C of this Fees Schedule.

For executions that occur within the Complex Order Auction (“COA”) against auction responses, the incoming/auctioned order is considered maker, and auction responses are considered taker. Listed rates are per contract.

	Maker Fee/(Rebate)	Maker Fee/(Rebate) (Mini-options)	Taker Fee/(Rebate)	Taker Fee/(Rebate) (Mini-options)
Public Customer	(\$.35)*	(\$.03)*	(\$.35)*	(\$.03)*
C2 Market-Maker	\$.10	\$.01	\$.35	\$.03
All Other Origins (Professional Customer, Firm, Broker/Dealer, non-	\$.20	\$.02	\$.35	\$.03

C2 Market-Maker, JBO,
etc.)

Trades on the Open	\$.00	\$.00	\$.00	\$.00
--------------------	--------	--------	--------	--------

* The rebate [does not] will only apply to Public Customer complex orders that trade with [other] non-Public Customer complex orders. In [such a] other circumstances, there will be no Maker or Taker fee or rebate.

* * * * *

[E) The following rates apply to all executions in SPXPM. Listed rates are per contract.

	Fee
Public Customer*	\$.44
C2 Market-Maker	\$.17
OCC Clearing TPH Firm Proprietary (Firm), JBO	\$.25
All Other Origins (Professional Customer, Broker/Dealer, etc.)	\$.40

* A customer large trade discount program in the form of a cap on public customer ("C" origin code) transaction fees is in effect for SPXPM. Customer transaction fees will only be charged up to the first 10,000 SPXPM contracts per order. For complex orders, the total contracts of an order (all legs) are counted for purposes of calculating the fee cap. To qualify for the discount, the entire order quantity must be tied to a single order ID within the CBOEdirect system or in the front end system used to transmit the order, provided the Exchange is granted access to effectively audit such front end system. This means the order must be entered in its entirety so that the Exchange can clearly identify the total size of the order. For an order entered via a PULSe Workstation or another front end system, to take advantage of the cap, a customer large trade discount request must be submitted to the Exchange within three business days of the transaction and must identify all necessary information, including the order ID and related details.

F) Index License Surcharge Fees

Surcharge Fees apply to all non-public customer transactions including professional customers and voluntary professionals.

Index	Per Contract
S&P 500 (SPXPM)	\$.10]

* * * * *

3. Access Fees

Type of Permit	Cost per Month
Market-Maker Permit	\$5,000
Electronic Access Permit	\$1,000
[SPXPM Tier Appointment	\$4,000 (waived through March 31, 2013)]

Market-Maker Permit- Entitles the holder to act as a Market-Maker. This permit provides an appointment credit of 1.0, a quoting and order entry bandwidth allowance, up to three logins and Trading Permit Holder status. The quoting bandwidth allowance for a Market-Maker Permit is equivalent to a maximum of 195,000,000 quotes over the course of a trading day. Because C2 intends to cease listing of SPXPM following the closing of trading on Friday, February 15, 2013, for any Market-Maker Permit used in February 2013 solely to act as a Market-Maker in SPXPM, C2 will credit back to the Market-Maker a pro-rated amount (corresponding to the portion of the month during which SPXPM is not listed on C2) of the Market-Maker Permit cost.

Electronic Access Permit- Entitles the holder to access to the Exchange. Holders must be broker-dealers registered with the Exchange and are allowed to submit orders to the Exchange. The EAP provides an order entry bandwidth allowance, up to three logins and Trading Permit Holder status.

[SPXPM Tier Appointment- In order for a Market-Maker Permit to be used to act as a Market-Maker in SPXPM, the Trading Permit Holder must obtain an SPXPM Tier Appointment (Registration) for that Market-Maker Permit. The SPXPM Tier Appointment fee will be assessed to any Market-Maker Permit Holder that has an SPXPM Tier Appointment at any time during a calendar month.]

Access fees are non-refundable and are assessed through the integrated billing system during the first week of the following month. If a Trading Permit is issued during a calendar month after the first trading day of the month, the access fee for the Trading Permit for that calendar month is prorated based on the remaining trading days in the calendar month. Trading Permits will be renewed automatically for the next month unless the Trading Permit Holder submits written notification to the Registration Services Department by the 25th day of the prior month (or the preceding business day if the 25th is not a business day) to cancel the Trading Permit effective at or prior to the end of the applicable month. If cancellation of a Trading Permit is effective prior to the end of the applicable month, and the cancelling Trading Permit Holder later requests issuance of the same type of Trading Permit for the remainder of that month, the Exchange may issue the same type of Trading Permit (provided that a Trading Permit is available) but will not impose the additional prorated access fee for that month.

* * * * *

8. Regulatory Fees

* * * * *

E) Options Regulatory Fee	[\$.0015 per contract through December 31, 2012] \$.002 per contract [effective January 2, 2013]*
---------------------------	--

*The Options Regulatory Fee is assessed to each Permit Holder for all options transactions executed or cleared by the Permit Holder that are cleared by The Options Clearing Corporation (OCC) in the customer range, regardless of the exchange on which the transaction occurs. The

fee is collected indirectly from Permit Holders through their clearing firms by OCC on behalf of C2.

* * * * *